



**Mitsubishi UFJ Financial Group**

**Bank of America Merrill Lynch  
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**Quality for You**

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**In addition, information on companies and other entities outside the group that is recorded in this document has been obtained from publicly available information and other sources. The accuracy and appropriateness of that information has not been verified by the group and cannot be guaranteed**

**The financial information used in this document was prepared in accordance with accounting standards generally accepted in Japan, or Japanese GAAP**

#### Definitions of figures used in this document

<b>Consolidated</b>	Mitsubishi UFJ Financial Group (consolidated)
<b>Non-consolidated</b>	Bank of Tokyo-Mitsubishi UFJ (non-consolidated) + Mitsubishi UFJ Trust and Banking Corporation (non-consolidated) (without any adjustments)
<b>Commercial bank consolidated</b>	Bank of Tokyo-Mitsubishi UFJ (consolidated)

## FY2012 targets and Q1 results

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# FY2012 targets and Q1 Results

# FY2012 financial targets

(Consolidated/Non-consolidated)



- FY12 net income target to ¥670.0 bn

## <Financial Targets>

### <Consolidated>

		FY11 Full year (Results)	FY12		FY12 Q1 (Results)
			Interim (Targets)	Full year (Targets)	
1	Ordinary profits	¥1,471.9 bn	¥500.0 bn	¥1,110.0 bn	¥340.7 bn
2	Net income	¥981.3 bn	¥290.0 bn	¥670.0 bn	¥182.9 bn
3	Net income (w/o MS negative goodwill)	¥690.6 bn	¥290.0 bn	¥670.0 bn	¥182.9 bn
4	Total credit costs	¥193.4 bn	¥100.0 bn	¥210.0 bn	¥ 14.8bn

### <Non-consolidated>

5	Net business profits	¥1,171.0 bn	¥475.0 bn	¥1,015.0 bn	¥332.9 bn
6	Ordinary profits	¥853.4 bn	¥370.0 bn	¥820.0 bn	¥235.3 bn
7	Net income	¥544.9 bn	¥255.0 bn	¥540.0 bn	¥150.8 bn
8	Total credit costs	¥134.5 bn	¥55.0 bn	¥110.0 bn	(¥0.4 bn )

(Note) Total credit costs include gains on loans written-off. Negative figures are reversal

# FY2012 Q1 key points



## ● Overview

- Quarterly net income totaled ¥182.9 bn
- Satisfactorily 27% progress against FY12 full-year target of ¥670.0 bn
- No changes to FY12 targets

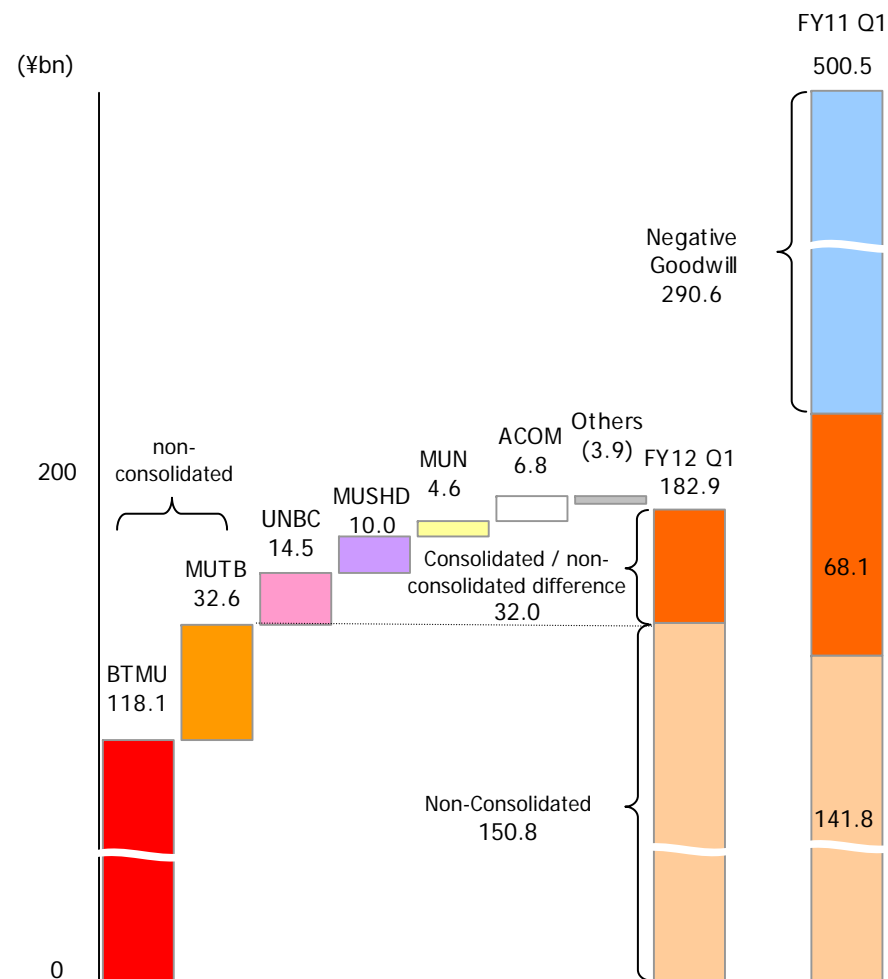
## ● Non-consolidated

- Posted quarterly profits exceeding the previous Q1 with high profit level from gains on sales of bonds and stabilized credit costs as leading factors (Quarterly net income ¥150.8 bn, up ¥9.0 bn y-o-y)

## ● Subsidiaries

- MUSHD, MU NICOS and ACOM all posted profit along with UB
- Difference between consolidated and non-consolidated net income was ¥32.0 bn, partly due to the new shares issuance by Morgan Stanley that lead to 'losses on change in equity' of ¥23.2 bn included in "Others"

## Breakdown of net income\* 1



\*1 The above figures take into consideration the percentage holding in each subsidiary (after-tax basis)

# Income statement summary

## ● Net business profits

- Net interest income decreased due to tighter domestic deposit-loan margin, lower interest income in Global Markets segment and smaller consumer-finance income, partially offset by an increase in loan income in overseas business. Gross profits, however, increased mainly due to a huge increase in net gains on security portfolio
- G&A expenses increased slightly due to an increase in costs in overseas business
- Net business profits increased, as a result

## ● Total credit costs

- Non-consolidated credit costs turned to profits, while credit costs in other subsidiaries increased slightly

## ● Net losses on equity securities

- Increased due to an increase in the cost of write-down

## ● Net income

- Although ordinary profits, excluding one-time negative goodwill of ¥290.6bn posted in Q1 FY11, increased by ¥30.1bn, net income decreased due to net extraordinary losses and an increase in income taxes-current and income taxes-deferred

Reference	FY11	FY12 Q1	yoy	FY14(Target)
Expense ratio (Consolidated)	56.9%	55.5%	(3.5%)	Between 55-60%
Expense ratio (Non-consolidated)	50.4%	48.3%	(4.2%)	Between 50-55%
ROE <sup>*3</sup>	11.10%	7.79%	(5.21%)	Approx. 8.0%

<sup>\*3</sup> The one-time impact of Morgan Stanley becoming an equity-method affiliate of MUFG at FY11 Q1 is adjusted.  
 Annualized net income—Equivalent of annual dividends on nonconvertible preferred stocks  

$$\frac{\text{((Total shareholders' equity at the beginning of the period - Number of nonconvertible preferred stocks at the beginning)} \times 100)}{\text{of the period} \times \text{Issue price} - \text{Foreign currency translation adjustments at the beginning of the period}}$$
  

$$\frac{\text{((Total shareholders' equity at the end of the period - Number of nonconvertible preferred stocks at the end of the period} \times 100)}{\text{of the period} \times \text{Issue price} - \text{Foreign currency translation adjustments at the end of the period}} - 2$$

## Income statement (¥bn) 〈Consolidated〉

	FY11	FY12 Q1	yoy
1 Gross profits (before credit costs for trust accounts)	3,502.0	932.3	77.3
2 Net interest income	1,840.5	418.7	(52.1)
3 Trust fees+Net fees and commissions	1,061.1	235.6	(12.3)
4 Net trading profits +Net other business profits	600.2	277.9	141.8
5 Net gains (losses) on debt securities	270.3	217.0	139.3
6 G&A expenses	1,994.5	518.0	12.5
7 Net business profits	1,507.4	414.2	64.7
8 Total credit costs <sup>*1</sup>	(193.4)	(14.8)	4.1
9 Net gains (losses) on equity securities	(88.6)	(54.5)	(32.1)
10 Other non-recurring gains (losses) <sup>*2</sup>	246.6	(4.1)	(297.3)
11 Ordinary profits	1,471.9	340.7	(260.5)
12 Without one-time effect of negative goodwill	1,181.3	340.7	30.1
13 Net extraordinary gains (losses)	(23.8)	(23.0)	(33.3)
14 Total of income taxes-current and income taxes-deferred	(376.4)	(103.1)	(23.1)
15 Minority interests	(90.2)	(31.6)	(0.5)
16 Net income	981.3	182.9	(317.6)
17 Without one-time effect of negative goodwill	690.6	182.9	(27.0)

	FY11	FY12 Q1	yoy
18 Gross profits (before credit costs for trust accounts)	2,362.0	644.0	70.6
19 G&A expenses	1,191.0	311.1	9.9
20 Net business profits	1,171.0	332.9	60.7
21 Total credit costs <sup>*1</sup>	(134.5)	0.4	14.2
22 Ordinary profits	853.4	235.3	42.8
23 Income before income taxes	853.1	239.5	44.4
24 Net income	544.9	150.8	9.0

<sup>\*1</sup> Credit costs for trust accounts+Provision for general allowance for credit losses  
 +Credit costs (included in non-recurring gains/losses) +Reversal of allowance for credit losses  
 +Reversal of reserve for contingent losses included in credit costs+Gains on loans written-off

<sup>\*2</sup> Included Profits (losses) from investments in affiliates and provision for losses on interest repayment

# Balance sheet summary

## ● Loans

- Total loans decreased compared to the end of Mar 12 mainly due to a weak demand in domestic corporate loans and housing loans

## ● Investment securities

- Decreased mainly due to a decrease in foreign bonds and equity securities, partially offset by an increase in Japanese government bonds compared to the end of Mar 12

## ● Deposits

- Total deposits increased compared to the end of Mar 12 mainly due to a large increase in individual deposits in domestic branches

## ● Total net assets

- Total net assets increased compared to the end of Mar 12 mainly due to an increase in retained earnings and foreign currency translation adjustments

## ● Non performing loans (“NPLs”)

- NPLs and NPL ratio remained almost unchanged at low levels since the end of Mar 12

## ● Net unrealized gains (losses) on securities available for sale

- Net unrealized gains deteriorated compared to the end of Mar 12 because of weak equity markets in both Japan and foreign countries

Balance sheet (¥bn)		End Mar 12	End Jun 12	Change from End Mar 12
1	Total assets	218,861.6	222,245.3	3,383.7
2	Loans(Banking+Trust accounts)	84,640.0	84,225.0	(415.0)
3	Loans(Banking accounts)	84,492.6	84,077.1	(415.5)
4	Domestic corporate loans <sup>*1</sup>	45,634.7	45,154.8	(479.8)
5	Housing loans <sup>*1</sup>	16,866.0	16,726.1	(139.8)
6	Overseas loans <sup>*2</sup>	19,947.1	19,985.7	38.6
7	Investment securities (banking accounts)	78,264.7	78,143.6	(121.0)
8	Japanese government bonds	48,562.7	49,292.2	729.4
9	Foreign bonds	18,772.0	18,171.8	(600.2)
10	Receivables under resale agreements and Receivables under securities borrowing transactions	7,809.5	8,788.6	979.1
11	Total liabilities	207,185.8	210,418.5	3,232.7
12	Deposits	124,789.2	125,360.1	570.8
13	Individual deposits (Domestic branches)	65,844.3	66,862.3	1,017.9
14	Payables under repurchase agreements and Payables under securities lending transactions	18,564.7	19,447.5	882.7
15	Total net assets	11,675.7	11,826.7	150.9
16	FRL disclosed loans <sup>*1*3</sup>	1,582.1	1,576.4	(5.7)
17	NPL ratio <sup>*1</sup>	1.77%	1.80%	0.02%
18	Net unrealized gains (losses) on securities available for sale	832.0	637.0	(195.0)

\*1 Non-consolidated+trust accounts

\*2 Loans booked in overseas branches, UnionBanCal Corporation and BTMU(China)

\*3 FRL=the Financial Reconstruction Law



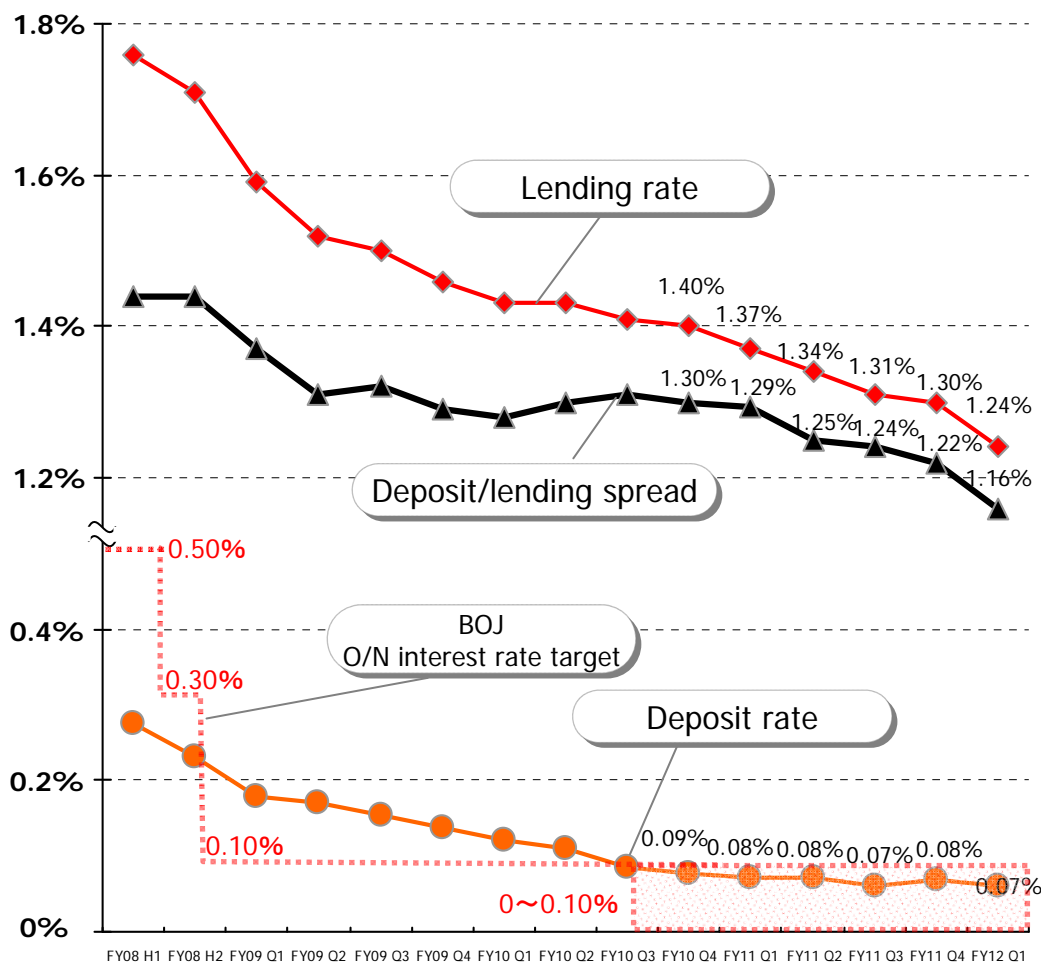
# Domestic deposit / lending rates

【Non-consolidated】



- Deposit/lending spread in FY12 Q1 decreased mainly due to a decrease in lending rate
- Of 6bp decline in Deposit/lending spread, 4bp was due to increase in loans to government etc,

## Changes in domestic deposit / lending rates



## 【Interest rate changes】

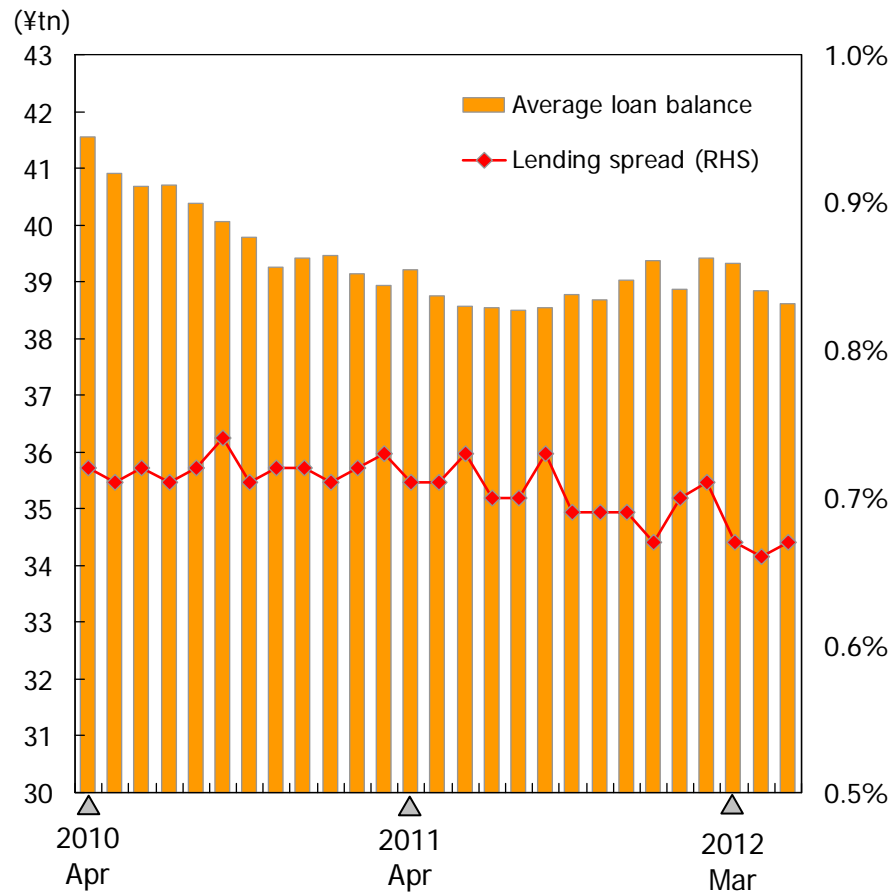
- November 4, 2008  
Interest rate on ordinary deposits: 0.200% ⇒ 0.120%
- November 20, 2008  
Short-term prime rate: 1.875% ⇒ 1.675%
- December 22, 2008  
Interest rate on ordinary deposits: 0.120% ⇒ 0.040%
- January 13, 2009  
Short-term prime rate: 1.675% ⇒ 1.475%
- April 1, 2009  
Variable rate on new housing loans :  
⇒ Changed based on the long-term lending rate linked to short-term prime rate as of March 1
- July 1, 2009  
Variable rate on existing housing loans :  
⇒ Changed based on the long-term lending rate linked to short-term prime rate as of April 1
- September 6, 2010  
Interest rate on ordinary deposits: 0.040% ⇒ 0.020%

# Domestic and overseas lending



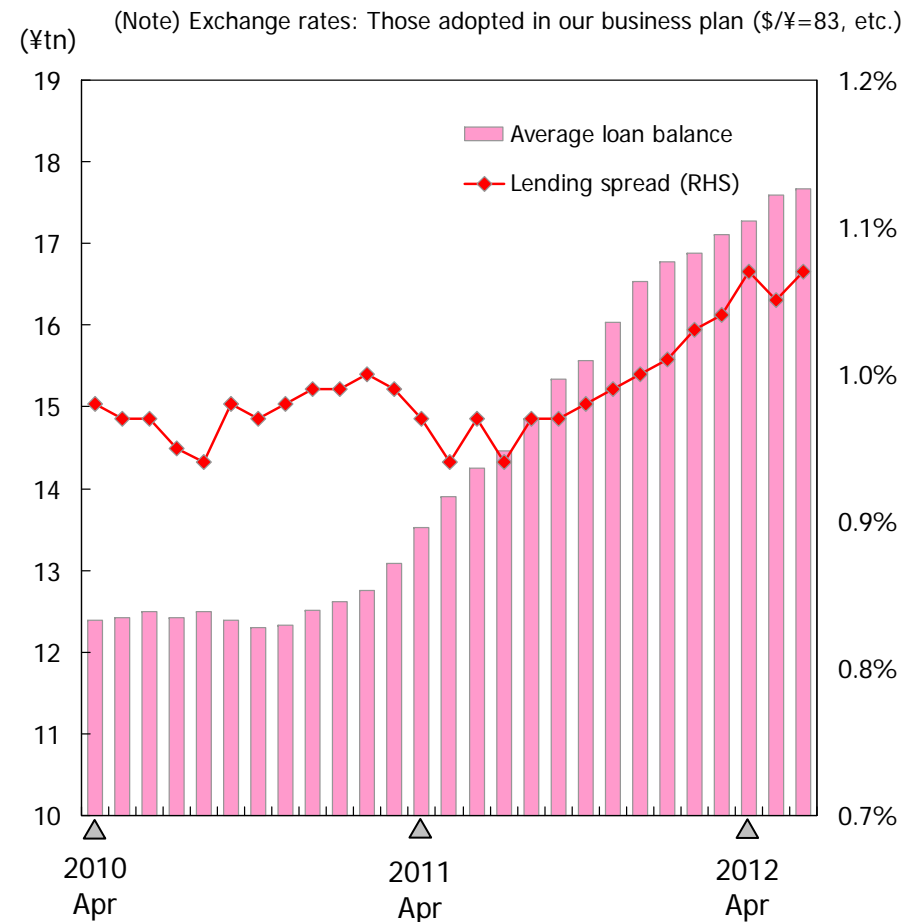
- Balance of domestic corporate lending showing progress and retreat, while overseas corporate lending expanded constantly

Domestic corporate lending/Spread



\*1 Excl. Lending for government

Overseas corporate lending/Spread (Excl. UB)



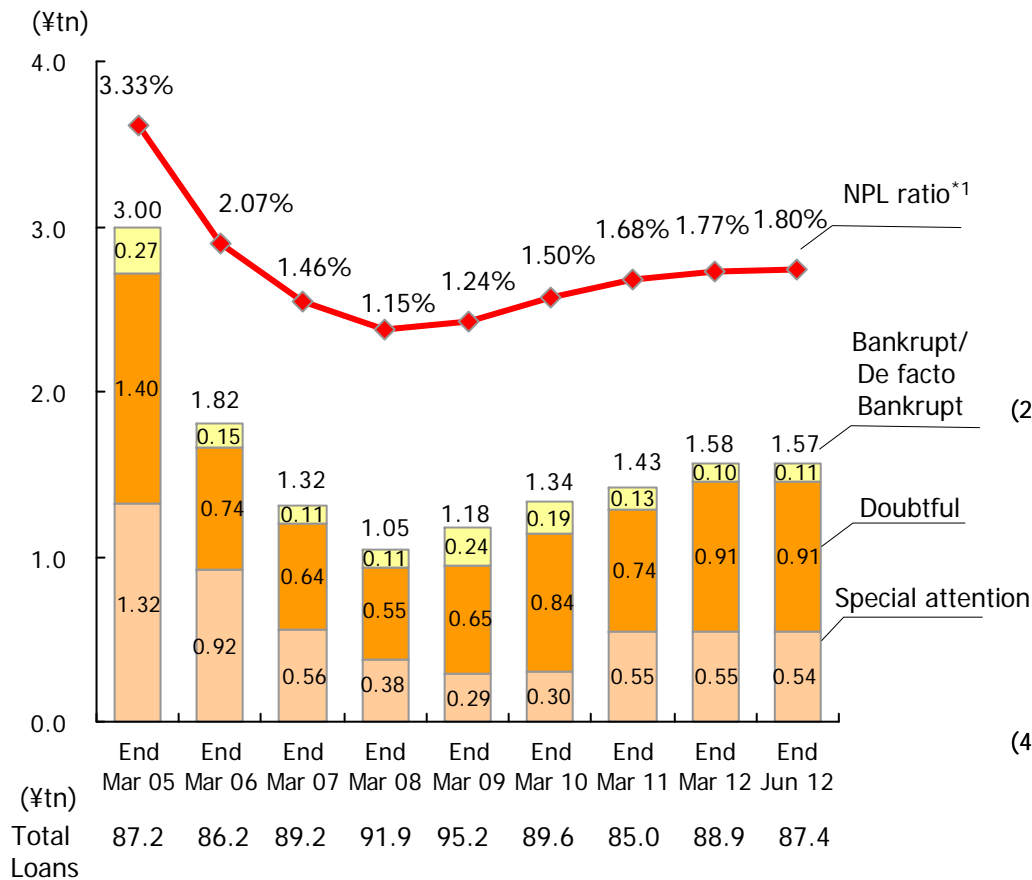
# Loan assets

【Consolidated/Non-consolidated】



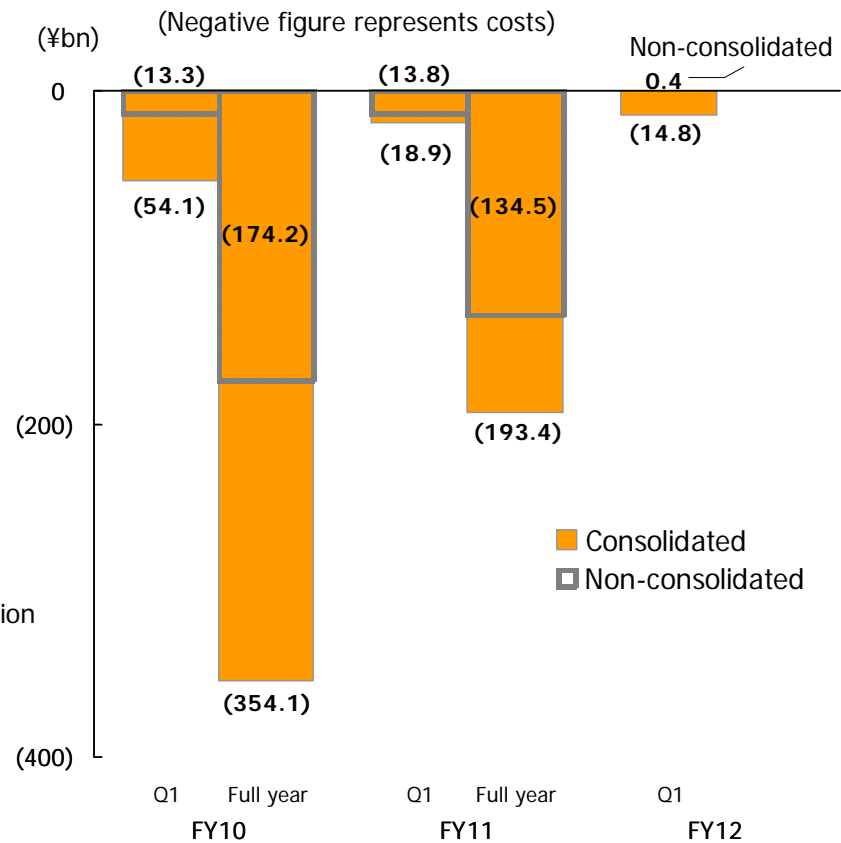
- NPLs (non performing loan) remained almost unchanged compared to the end of Mar 12. NPL ratio was low at 1.80%
- Total credit costs were ¥0.4bn gains for Non-consolidated, and ¥14.8bn losses for Consolidated

Balance of FRL disclosed loans (Non-consolidated)



\*1 Non performing loan / Total loans

Total credit costs\*2



\*2 Figures included gains on loans written-off

# Exposures in European peripheral countries



- Exposures to European peripheral countries in BTMU consolidated were limited compared to the size of consolidated total assets

## Exposures (BTMU consolidated)

	End Mar 12	End Jun 12
Spain	Approx.\$5.8 bn	Approx.\$5.2 bn
Italy	Approx.\$5.9 bn	Approx.\$5.6 bn
Ireland	Approx.\$0.3 bn	Approx.\$0.2 bn
Portugal	Approx.\$0.6 bn	Approx.\$0.5 bn
Greece	Approx.\$0.3 bn	Approx.\$0.3 bn
<b>Total</b>	Approx.\$12.9 bn	Approx.\$11.9 bn

## Balance of sovereign bonds (MUFG)

	End Mar 12	End Jun 12
Spain	Approx.\$0.7 bn	Approx.\$0.2 bn
Italy	Approx.\$2.8 bn	Approx.\$2.7 bn
Ireland	—	—
Portugal	\$0.0 bn	\$0.0 bn
Greece	—	—
<b>Total</b>	Approx.\$3.5 bn	Approx.\$2.9 bn

## Limited exposures

### ● Exposures (BTMU consolidated)

- No exposures to sovereign borrowers
- More than 90% of exposures were to industrial corporations and structured finance
- Exposures to Spain and Italy were mainly for infrastructure, such as electricity, gas and telecommunications, etc
- Limited exposures to financial institutions
- Exposures including CDS hedge were approx. \$11.0bn

### ● Balance of sovereign bonds (MUFG)

- No Greek or Irish government bonds
- Outstanding of Spanish government bonds was approx.\$0.1bn at the end of Jul 12
- Hold-to-Maturity accounting has been used for most of Italian government bonds which will be redeemed within next 2 years

# Holdings of investment securities

(Consolidated)



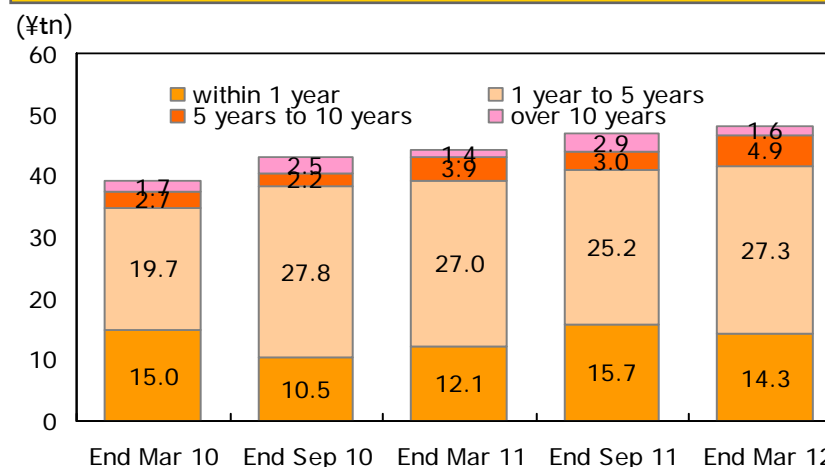
- Maintained high level of unrealized gains, though unrealized gains on domestic and foreign equity securities decreased followed by weak stock performance

## Breakdown of securities available for sale (with market value)

	(¥bn)	Balance		Unrealized gains(losses)	
		End Jun 12	Change from End Mar 12	End Jun 12	Change from End Mar 12
1	Total	74,897.9	66.2	637.0	(195.0)
2	Domestic equity securities	2,987.9	(345.9)	54.1	(267.6)
3	Domestic bonds	52,241.0	674.2	270.8	53.3
4	Government bonds	48,762.2	756.4	203.8	48.6
5	Others	19,668.9	(262.0)	312.0	19.2
6	Foreign equity securities	146.6	(23.6)	27.3	(22.9)
7	Foreign bonds	17,434.0	(487.9)	292.8	32.2
8	Others	2,088.2	249.5	(8.1)	9.9

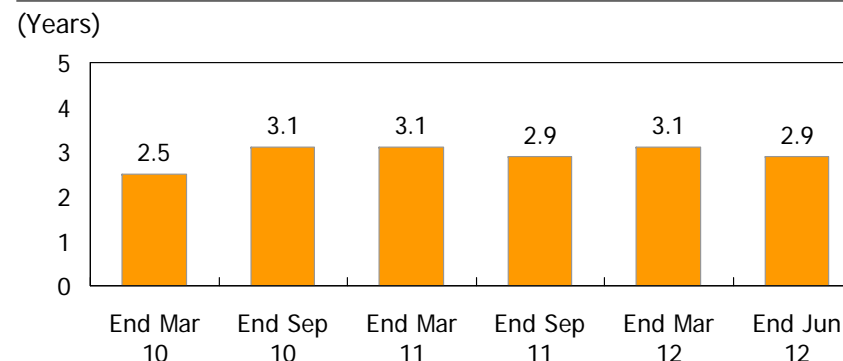
End Jun 12 TOPIX:770.08, JGB(10yrs):0.84%

## Redemption schedule of JGB\*1



\*1 Other securities with maturities and debt securities being held to maturity. Non-consolidated

## JGB Duration\*2



\*2 Non-consolidated

# Capital (based on Basel 2)

(Consolidated) 

## ● Total capital

- Tier1 increased ¥ 398.8bn mainly due to an increase in retained earnings and foreign currency translation adjustments with yen depreciation
- Tier2 decreased ¥ 707.3bn due to decrease in subordinated debt and net unrealized gains on securities available for sale
- Total capital decreased ¥ 321.3bn

## ● Risk-adjusted assets

- Credit risk decreased ¥ 1,310.5bn mainly due to an decrease in loans
- Market risk decreased ¥ 337.6bn mainly due to decrease in equity securities position
- Transitional floor increased ¥ 406.5bn. Transitional floor is caused by the shift to Advanced Measurement Approach of operational risk at the end of Mar 12

## ● Capital ratio

- Capital ratio : 14.73%
- Tier1 ratio : 12.95%

(¥bn)		End Mar 11	End Mar 12	End Jun 12	Change from Mar 12
1	Capital ratio	14.89%	14.91%	14.73%	(0.17%)
2	Tier1 ratio	11.33%	12.31%	12.95%	0.64%
3	Tier 1	9,953.3	10,522.2	10,921.1	398.8
4	Capital stock and capital surplus	4,311.7	4,313.7	4,314.6	0.8
5	preferred stock	390.0	390.0	390.0	-
6	Retained earnings	4,799.6	5,602.3	5,691.4	89.0
7	Minority interests	1,873.8	1,691.6	1,721.0	29.3
8	Preferred securities	1,362.7	1,207.3	1,230.7	23.4
9	Tier 2	3,920.4	4,038.7	3,331.4	(707.3)
10	Net unrealized gains on securities available for sale	136.5	343.0	242.2	(100.8)
11	Subordinated debt	3,463.3	3,446.5	2,844.7	(601.8)
12	Deductions from total qualifying capital	(792.9)	(1,818.4)	(1,831.3)	(12.8)
13	Total capital	13,080.8	12,742.5	12,421.1	(321.3)
14	Risk-adjusted assets	87,804.9	85,456.5	84,277.0	(1,179.5)
15	Credit risk	79,207.3	71,672.0	70,361.4	(1,310.5)
16	Market risk	1,994.1	2,380.0	2,042.4	(337.6)
17	Operational risk	6,603.4	4,798.5	4,860.6	62.0
18	Transitional floor	—	6,606.0	7,012.5	406.5

# Mitsubishi UFJ Securities Holdings



- Posted ¥10.0 bn net income in FY12 Q1. Net trading income increased due to steady increase in sales of foreign bonds and client transaction flow, partly offset by decrease of commission received followed by weaker market
- MUMSS non-consolidated also posted profits

## Results of MUSHD

<MUSHD\*1

Consolidated>

(¥bn)	FY11	FY12Q1	Change from FY11Q1
1 Net operating revenue*2	238.5	63.9	3.7
2 Selling, general and administrative expenses	240.1	59.9	(3.5)
3 Operating income	(1.5)	3.9	7.2
4 Ordinary income	38.1	18.6	4.2
5 Extraordinary income	(13.6)	(0.2)	(6.8)
6 Net income	16.5	10.0	(6.8)

## Results of MUMSS

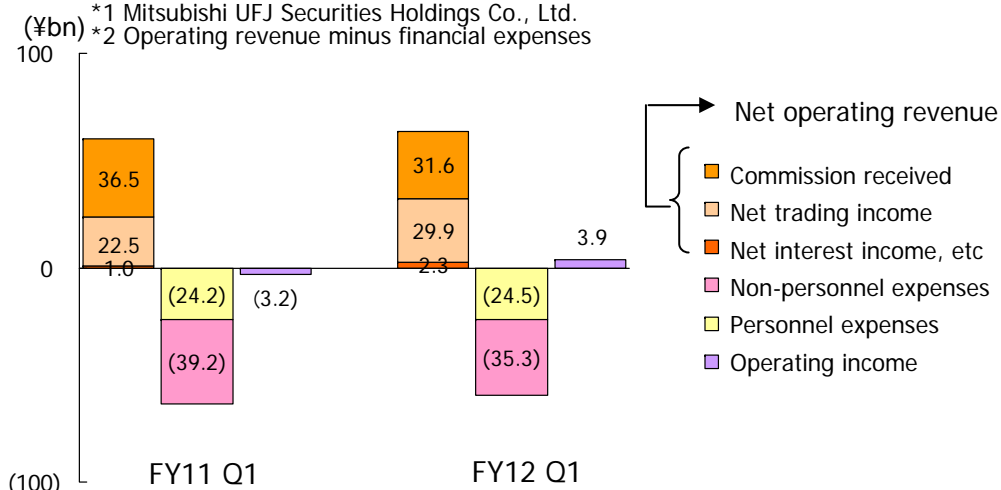
<MUMSS\*3

Non-consolidated>

(¥bn)	FY11	FY12Q1	Change from FY11Q1
1 Net operating revenue*2	170.1	43.1	5.4
2 Selling, general and administrative expenses	169.6	40.0	(3.6)
3 Operating income	0.4	3.1	9.1
4 Ordinary income	2.7	3.9	9.5
5 Net income	(16.7)	5.7	11.2

\*3 Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

\*1 Mitsubishi UFJ Securities Holdings Co., Ltd.  
\*2 Operating revenue minus financial expenses



<MUMSS Non-consolidated quarterly base>

(¥bn)	FY11				FY12
	Q1	Q2	Q3	Q4	Q1
1 Net operating revenue*2	37.6	43.7	37.5	51.0	43.1
2 Selling, general and administrative expenses	43.6	42.9	39.2	43.7	40.0
3 Operating income	(5.9)	0.7	(1.6)	7.3	3.1
4 Ordinary income	(5.5)	1.1	(1.1)	8.3	3.9
5 Net income	(5.4)	2.2	(22.1)	8.4	5.7

# Consumer finance



- Number of requests for interest repayment declining y-o-y for both MUN and ACOM
- Both companies posted profits in FY12 Q1

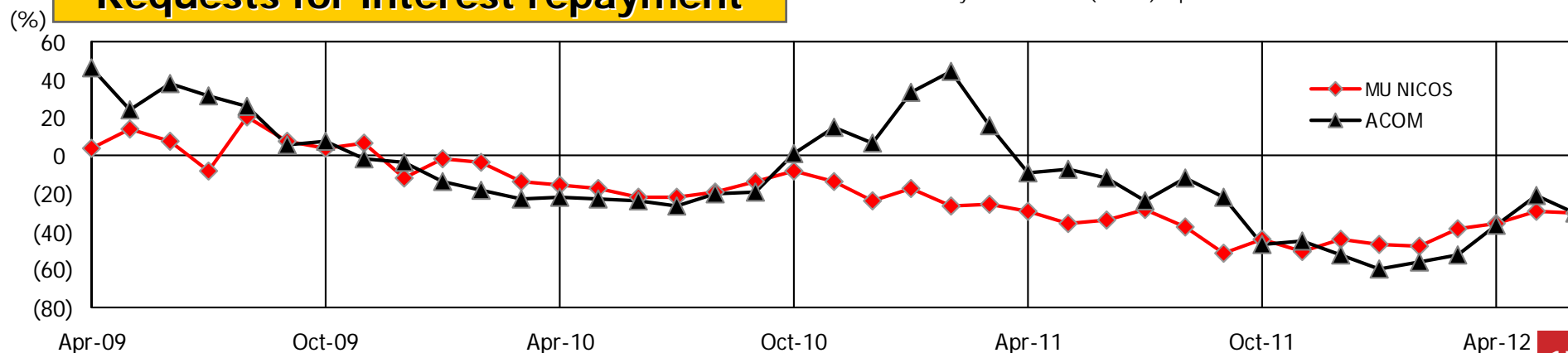
## Results of MU NICOS

(¥bn)	FY11	FY12 Q1	yoy	FY12 (plan)
1 Operating revenue	281.2	67.3	(3.7)	285.9
2 Card shopping	160.8	40.2	1.3	-
3 Operating expenses	252.2	62.1	(1.3)	254.1
4 G&A expenses	228.3	57.5	2.3	230.9
5 Credit related costs	23.8	4.6	(3.7)	23.2
6 Repayment expenses	0.0	0.0	0.0	0.0
7 Operating income	29.0	5.1	(2.3)	31.8
8 Underlying earnings(6+7)	29.0	5.1	(2.3)	31.8
9 Ordinary profits	29.5	5.2	(2.5)	32.1
10 Net income	28.7	5.4	(2.5)	31.0

## Results of ACOM

(¥bn)	FY11	FY12 Q1	yoy	FY12 (plan)
1 Operating revenue	210.4	49.4	(4.6)	186.9
2 Operating expenses	179.5	32.5	(3.2)	145.6
3 G&A expenses	71.8	17.9	0.3	74.1
4 Provision for bad debts	34.7	8.7	(3.5)	47.2
5 Provision for loss on interest repayment	48.8	0.0	0.0	0.0
6 Operating income	30.8	16.9	(1.3)	41.3
7 Underlying earnings(5+6)	79.6	16.9	(1.3)	41.3
8 Net income	21.4	17.2	1.2	40.5
9 Guaranteed receivables (Non-consolidated)	483.2	540.3	90.6	570.0
10 Unsecured consumer loans (Non-consolidated)	779.9	722.9	(128.4)	698.0
11 Share of loans*1	31.0%	30.8%	+0.1%	

## Requests for interest repayment



\*1 ACOM unsecured consumer loan balance (non-consolidated) / Consumer finance industry loan balance. (Source) Japan Financial Services Association



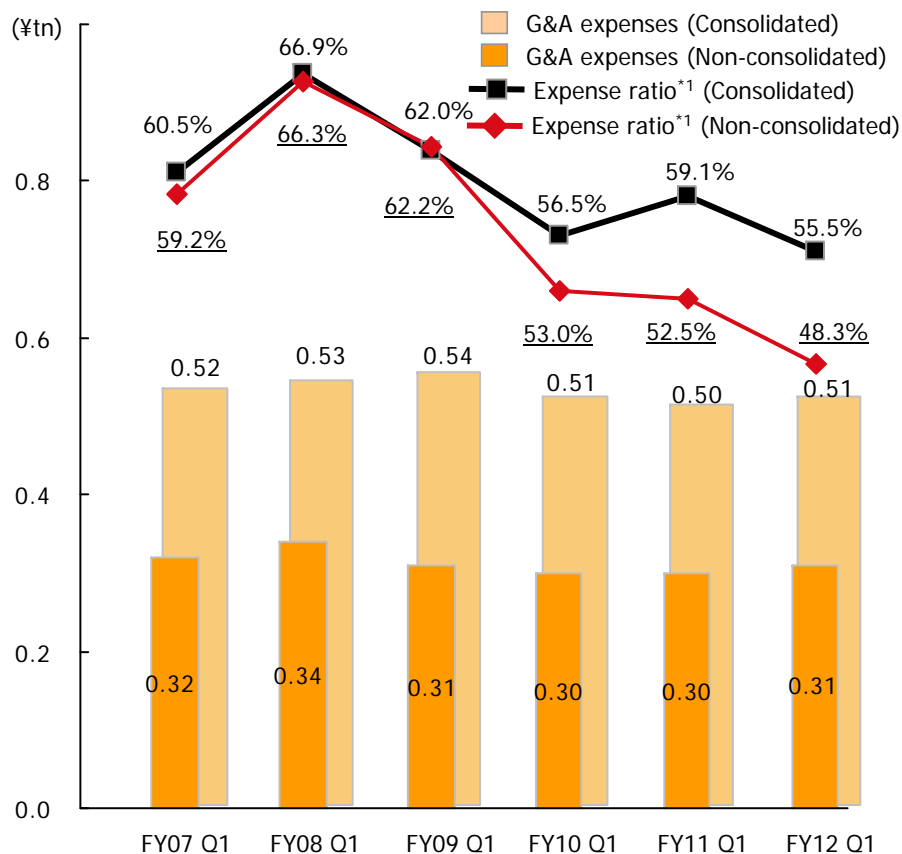
# G&A expenses/Equity holdings

(Consolidated/Non-consolidated)



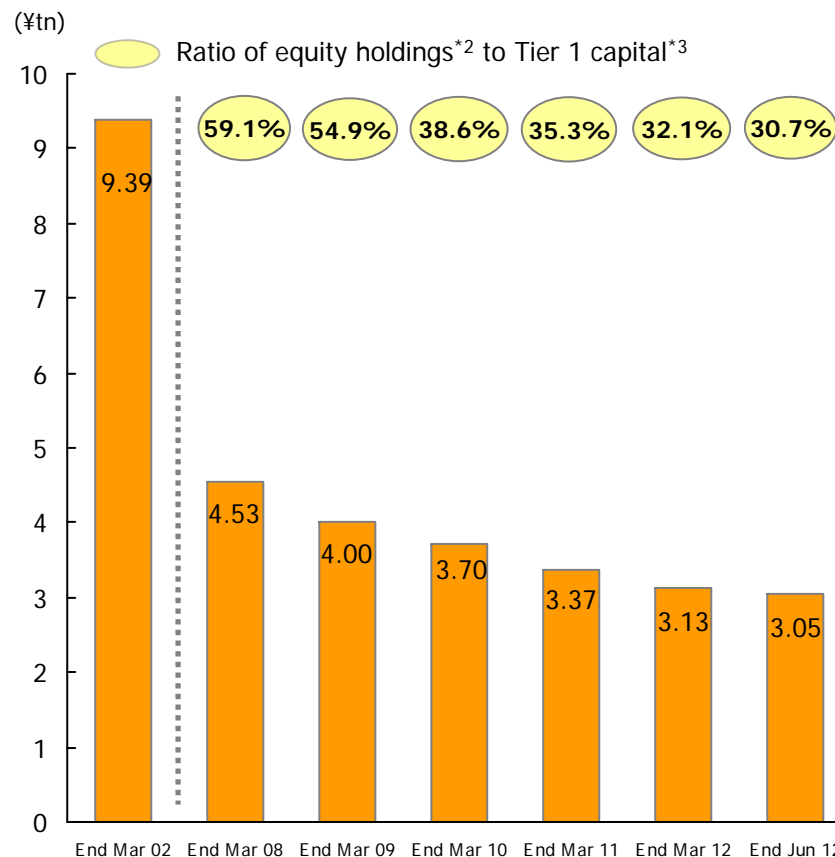
- Maintaining corporate-wide cost reduction efforts while distributing resource to strengthening business areas to increase profits. Consolidated expense ratio declined by 3.5 points and Non-consolidated expense ratio declined by 4.2 points y-o-y
- Sold equity holdings by approx. ¥9.0 bn in FY12 Q1. Continue to reduce equity holdings to minimize stock price fluctuation risk on capital while considering market conditions

## G&A expenses



\*1 Expense ratio = G&A expenses / Gross profits (before credit costs for trust accounts)

## Equity holdings



\*2 Acquisition price (after impairment) of domestic equity securities in the category of "other securities" with market value (Non-consolidated)

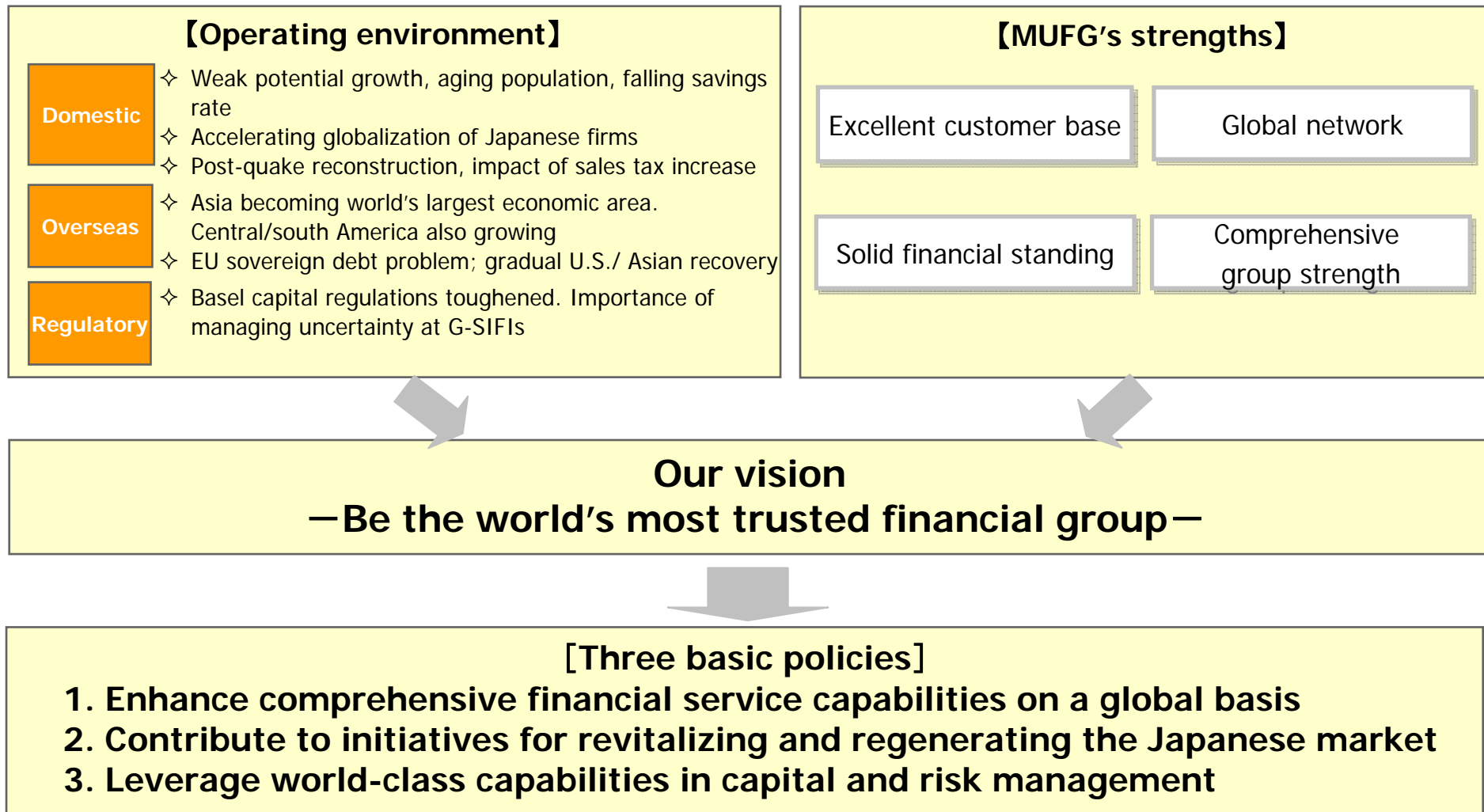
\*3 Tier 1 Capital (Non-consolidated)

# Outline of medium-term business plan

# Basic policies of the medium-term business plan



- As structural change proceeds inside and outside Japan, the competitive environment remains challenging and global financial regulation is tighter
- Respond to the changing environment by maximizing MUFG's strengths. With the aim of "be the world's most trusted financial group", formulated the new medium-term plan



# Financial targets



- Continue pursuit of sustainable increase of profitability and efficient capital management. Introduction of new economic capital framework in response to Basel III
- The target for consolidated net operating profit (customer division) is 20% increase from FY11. Newly-established benchmark consolidated net income RORA is approx. 0.9%. Consolidated ROE of approx. 8.0%

		FY11 results	FY14 Targets
<b>Growth</b>	Consolidated net operating profit (customer divisions) <sup>*1</sup>	¥1,052.4 bn	20% increase from FY11
<b>Profitability</b>	Consolidated expense ratio	56.9%	Between 55-60%
	(Non-consolidated)	50.4%	Between 50-55%
	Consolidated net income RORA <sup>*2*3</sup>	0.8%	Approx. 0.9%
	Consolidated ROE <sup>*2</sup>	7.7%	Approx. 8.0%
<b>Financial Strength</b>	CET1 ratio <sup>*3</sup>	Approx. 9.0%	9.5% or above

\*1 Simple sum of consolidated operating profits for retail, corporate, global and trust assets segments

\*2 FY11 figures exclude negative goodwill associated with application of equity method accounting on our investment in Morgan Stanley

\*3 Under Basel 3 regulatory regime, fully reflective of all necessary adjustment on capital

(Underlying macroeconomic assumptions)

	FY12	FY13	FY14
Unsecured call rate (period average)	0.07%	0.07%	0.17%
Dollar-yen (period-end rate)	¥83	¥83	¥83
Real GDP growth rate (annual rate)	2.5%	0.2%	2.3%

Consolidated net operating profit by segments : FY11 results	
Retail	¥314.3 bn
Corporate	¥419.9 bn
Global	¥265.0 bn
Trust Assets	¥53.2 bn

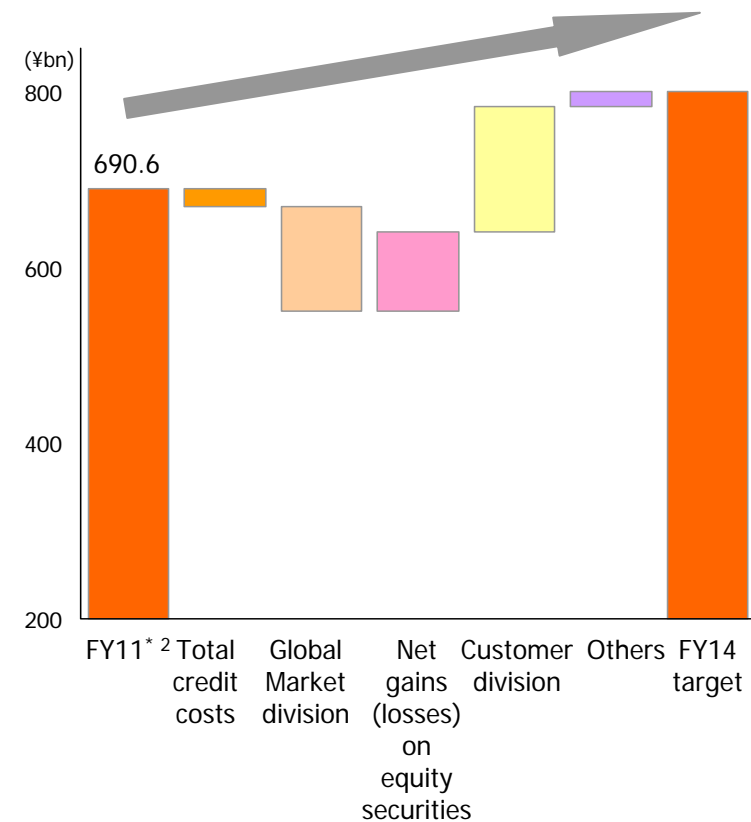
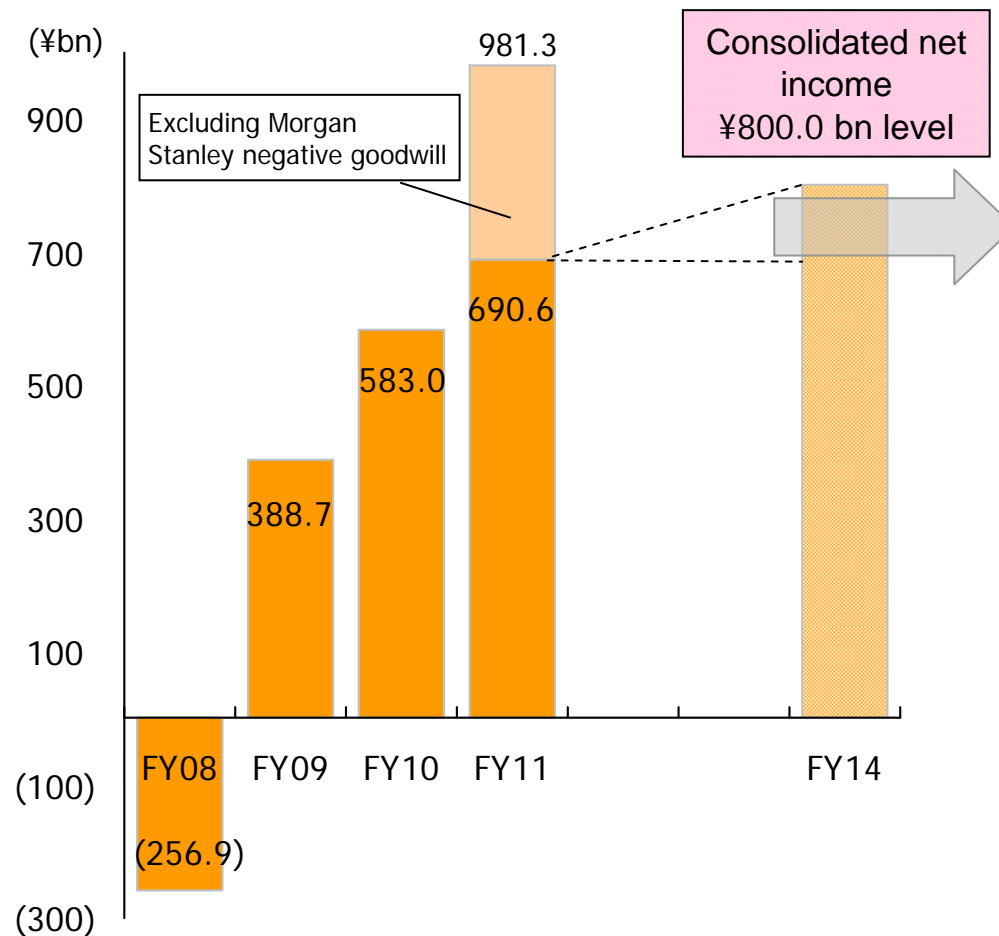
FY14 targets (from FY11)
Up 15%
Up 15%
Up 35%
Up 45%

# (Reference) Estimation of net income growth



- Reduction in Global Market division to be covered by increased profit in Customer division with a view to posting consolidated net income of ¥800.0 bn level in FY14

## Net income



\*1 After-tax base

\*2 Excluding Morgan Stanley negative goodwill

# Basic strategy



- Advance the business strategy, strengthen management fundamentals and control according to the three basic policies



# Growth strategy



- Above mentioned business strategies, the businesses below are the principal earnings drivers and aims for sustainable growth

- Global strategy by regions including emerging markets (Asia, Americas, EMEA)
- Transaction banking business
- Sales & Trading business
- Project finance
- Global strategic alliance with Morgan Stanley
- Integrated corporate & retail business
- Investment product sales
- Consumer finance
- Global asset management & administration strategy

# Asia strategy(1)

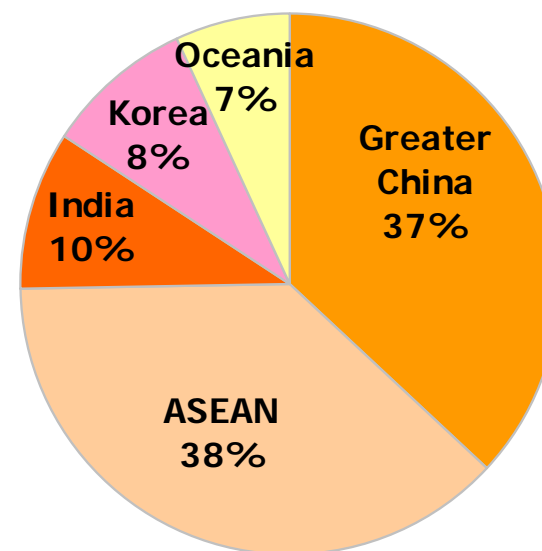
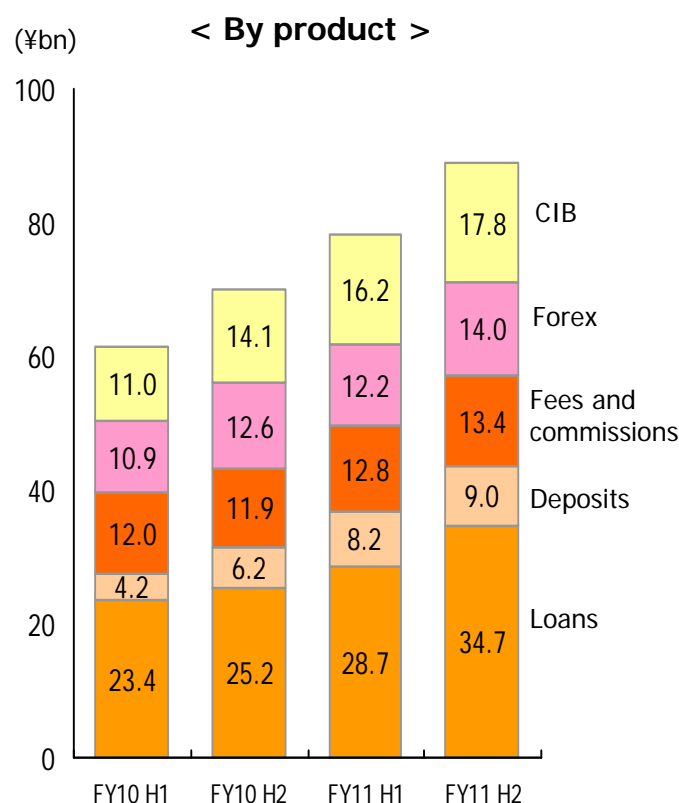
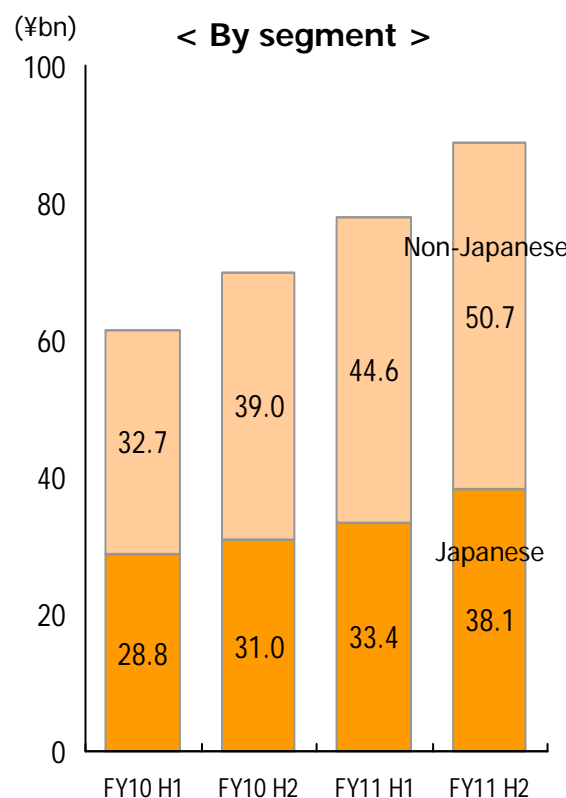
(Commercial bank Consolidated)



- Solid increase in gross profits with both Japanese and non-Japanese. Growing in CIB and forex income in addition to loans income. Ensuring a good revenue balance in each region
- Aiming to increase gross profits for FY14 by 50% from FY11

Gross profits\*1

Gross profits by regions



\*1 Figures for gross profits are those from customer business  
 (Note) Exchange rates: Those adopted in business plan (\$/¥=95, others)

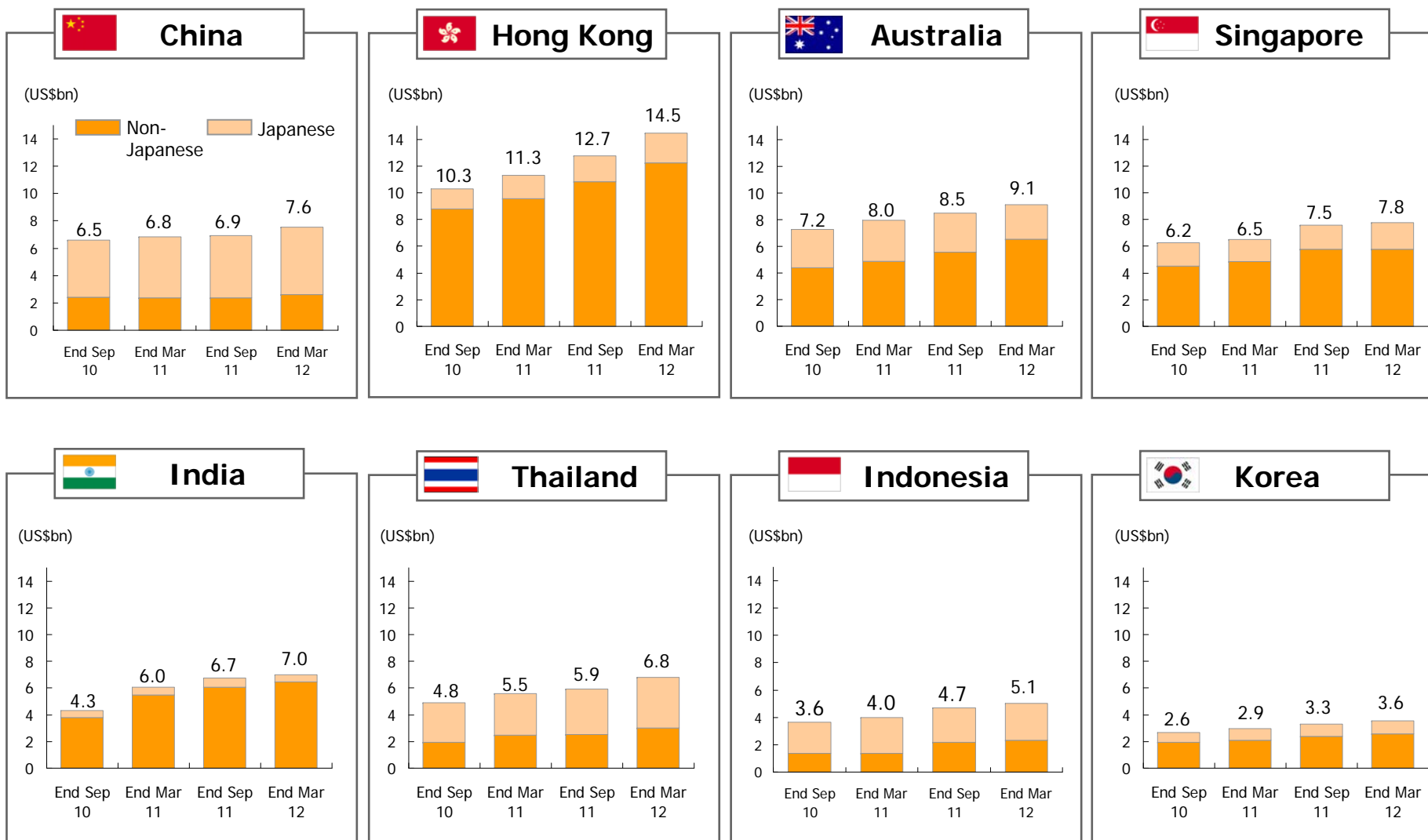


# Asia strategy(2)

(Commercial bank Consolidated)



- Increased lending balance in each country through adopting strategy to the characteristics of each market



(Note) Loans outstanding on consolidated basis, counted by the nationality of each borrower for internal management purpose. Excl. financial institution.

# Asia strategy(3)



- Upgrade the Asian business model and become established as the leading foreign bank
- Improve products and services while strengthening marketing within and beyond the region through commercial bank/trust bank/securities cooperation; improve regional governance by bringing Head Office functions to the Asian front line

**Greater China (China/HK/Taiwan)**

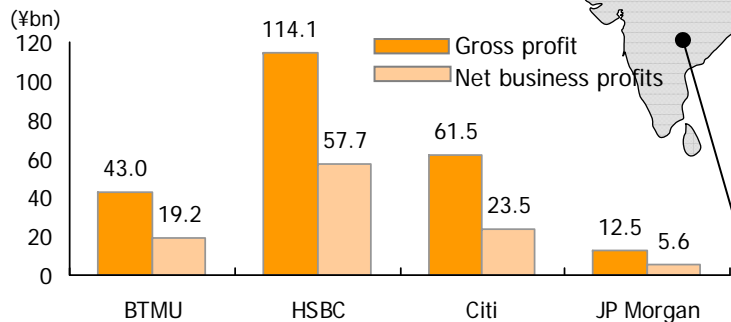
- Through steps such as obtaining a first foreign bank certification for each of new operations, such as issuing RMB bonds in China mainland, establish position as a first class foreign bank
- Strengthen loan and settlement business, etc. by cooperating with branches (20 locations) within the region. Upgrade RMB-related business
- Aim to expand network centered on China

**Korea**

- No.2 in net business profits after HSBC among local branches of foreign banks\*, as a result of close relationships with Korean corporations
- Strengthen marketing and aim for core bank status, assisting Korean corporations with globalization. (Set up Global Korean Business Office)
- Strengthen securitization, ECA finance, project finance and capital market business

\* Japanese banks: Apr 10 - Mar 11, other foreign banks: Jan 10 - Dec 10

**Comparison with foreign banks' subsidiaries in China (2011)**



(Source) Company disclosures Exchange rates: RMB/¥=14.03

**India**

- Strengthen loan and cross-selling business to major non-Japanese corporations
- Achieve critical mass in S&T business by bringing it under joint control with Global Markets
- Further strengthening largest network of any Japanese bank by opening new branches (now 3 branches)

**Indonesia**

- Having opened the branch more than 40 years ago, solid business base centered on Japanese corporations. Top lender among foreign banks
- Capture more infrastructure/resource finance and M&A projects. Strengthen business with financial institutions and syndicated loans
- Strengthen local group synergies (CIMB, etc)

**Australia**

- Strengthen project finance and resource/infrastructure-related loans to large non-Japanese organizations (Setting up the Perth branch to make 3 branches in Australia and Australian Structured Finance Office)
- Alliance with AMP, one of the Australian "big 5" financial institutions

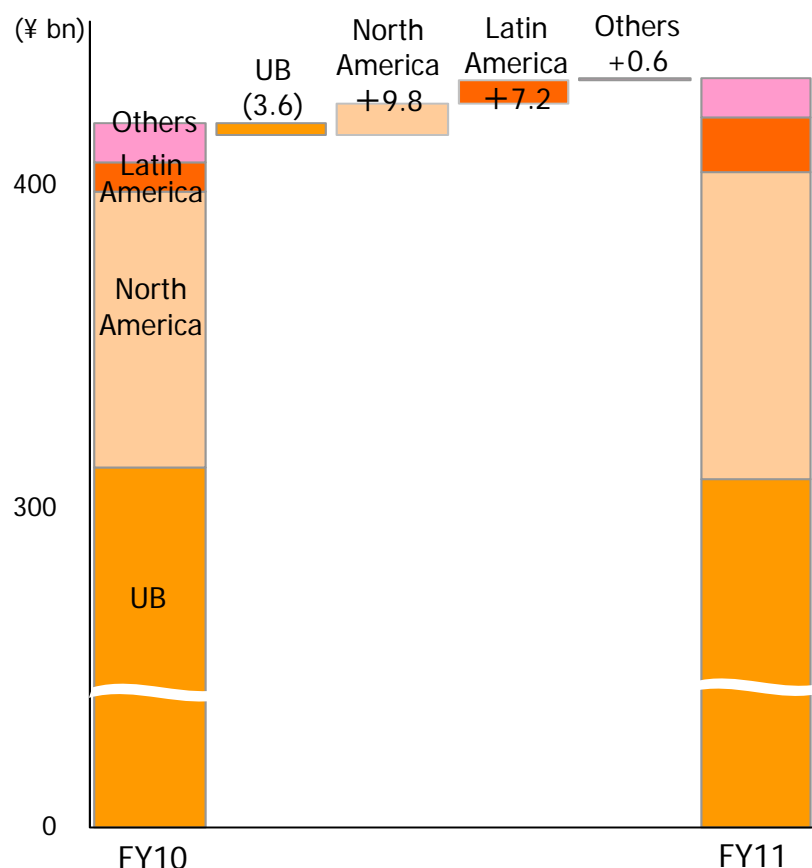
# Americas strategy(1)

(Commercial bank Consolidated)



- Americas gross profits is approx. 60% of overseas revenues. Latin America business growing. Aiming to increase gross profits for FY14 by 30% from FY11
- Aspire to achieve a premier position among U.S. banks by becoming one of the top 10 banking groups as measured by size and profitability

## Breakdown in changes in gross profits



(Note) Exchange rates: Those adopted in our business plan (\$/¥=95, etc.)

## Key points of Americas strategies

- **Organic Growth**
  - Accelerate growth with expanding customer base and MUFG group collaboration
  - Achieve strong foundation with support functions, such as HR/IT/Risk management
- **Organizational Synergy between BTMU /UB**
  - Maximize opportunities with realizing revenue and cost synergies
- **Non-Organic Growth**
  - Unlock strategic potential. Actively pursue high value acquisition
- **Latin America**
  - Business promotion and enhancement based on country specific strategies by allocating necessary resources and enhancing structures

# Americas strategy(2)



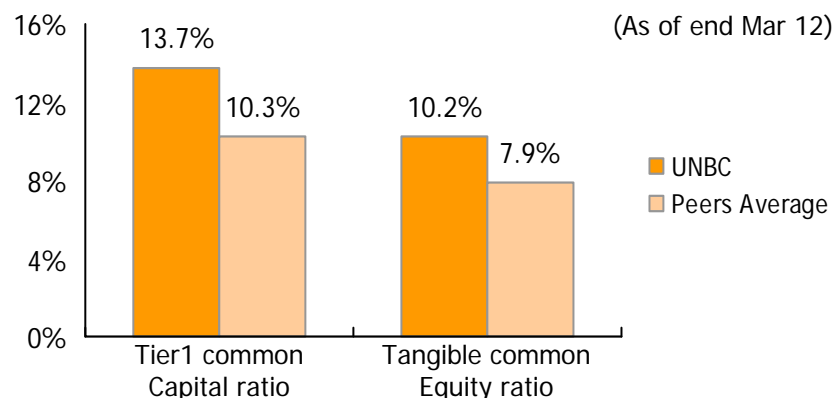
- UB established sizable capital base, available to support organic growth and acquisitions
- Actively consider high value acquisition

## UB business performance

(US\$mm)	FY10	FY11	FY12	
			Q1	Q2
Gross profits	3,347	3,294	855	834
Non-interest expenses	2,372	2,415	614	599
Net business profits	975	879	241	235
Provision for allowance for credit losses <sup>*1</sup>	182	(202)	(1)	(14)
Net income	573	778	195	187

\*1 Negative figures are reversal

## Comparison of Capital Ratios with Peers



(Source) Calculated by UNBC based on SNL and company reports

## Acquisition of Pacific Capital Bancorp

### ● Strategic implications

- Acquisition of a leading bank in Santa Barbara
- Expansion of retail business and branch network
- Provision of community-based banking services to customers in Santa Barbara and California's Central Coast area
- Provision of products and services in commercial and small business lending along with wealth management; expansion of revenue through enhancement of cross-selling and other approaches

### ● Assets and liabilities

- Assets: US\$ 5.9bn, Deposits: US\$ 4.6bn

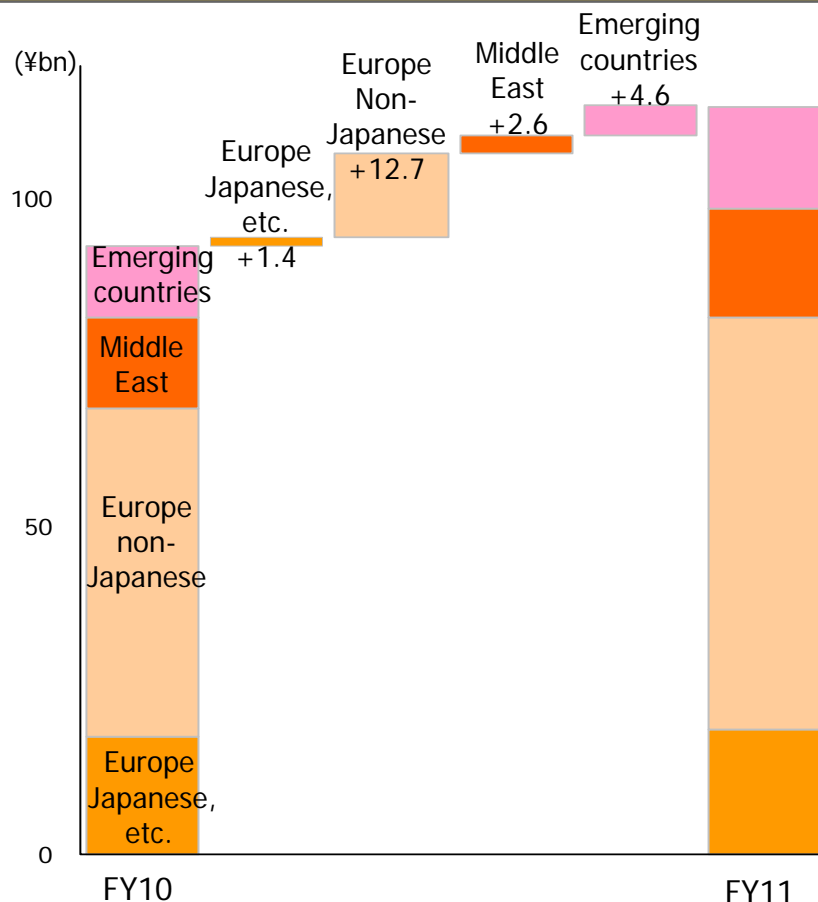


# EMEA strategy



- Based on individual strategies for each region, customer segment and operating segment, promoting cross selling to become a core bank of non-Japanese customers. Expansion in EMEA emerging markets mainly in Russia and Turkey
- Aiming to increase gross profits for FY14 by 20% from FY11

## Breakdown in changes in gross profits



## Key point of EMEA strategy

- **Expand business while taking into account European debt crisis, status of competitors and other factors**
  - Region: Core Europe, Middle East resource-rich countries, emerging countries (Russia, Turkey, South Africa, etc.)
  - Customers: Quality non-Japanese major corporations, local entities of Japanese
  - Operations: CIB (project finance, syndicated loans, DCM in cooperation between BTMU and securities subsidiaries, etc.), transaction banking
- **Increased capital at Russian subsidiary, enhance network in growth regions, such as establish representative at Vladivostok**
- **Strengthen operating base such as monitoring system of country conditions and risk management to support continuous growth**

(Note) Exchange rates: Those adopted in our business plan (\$/¥=95, etc.)

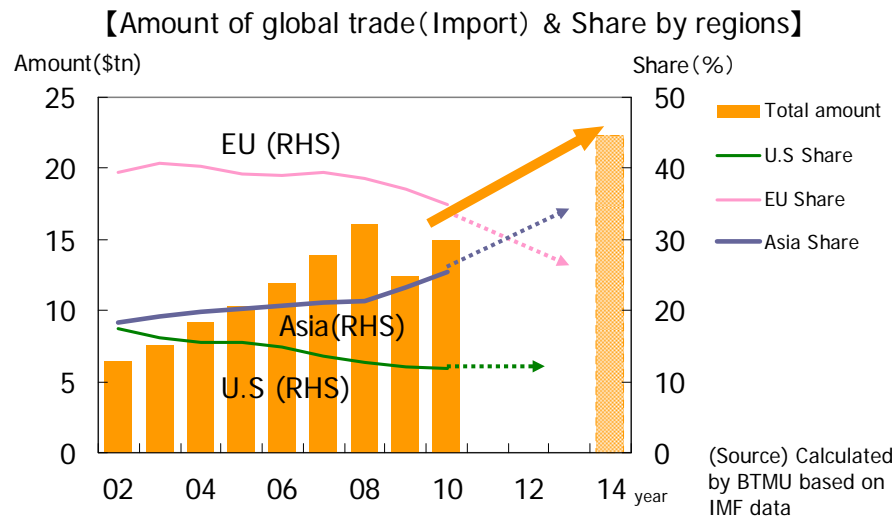
# Transaction banking business



- Expand transaction banking business\*<sup>1</sup> based on customer trade flows by leveraging our strong customer base and extensive network, as global trade centered around Asia expands. Aiming to increase revenue for FY14 by ¥100 bn from FY11

\*1 Collectively refers to services capturing commercial flows of customers such as deposits, settlement, and trade finance

## Expanding global trade centered around Asia

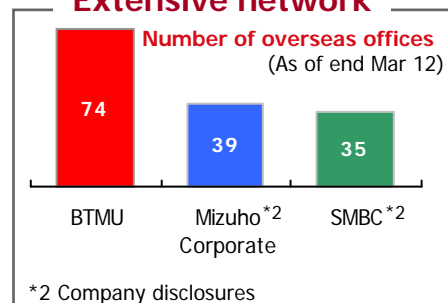


## Our strengths

### Strong corporate customer base

Japan	500,000 customers
Overseas	50,000 customers

### Extensive network



## Strategies to strengthen the business

- Propose solutions covering both cash management and trade finance
  - Leveraging our strengths particularly in Asia to capture global trade flows of both Japanese and non-Japanese customers
- Enhance line up of strategic products and services to meet increasingly sophisticated cash management needs of customers
  - Expand functionality of existing settlement-related systems products such as BizSTATION and GCMS. Also expand strategic products and services, such as electric trade operation management (TSU\*<sup>3</sup>) and centralized payment operation management system (GPH\*<sup>4</sup>)
- Establish progress on global cooperation system
  - Established TB promotion offices in Japan, Europe, the U.S. and Asia. Pursue integrated internal and external operations, linked globally

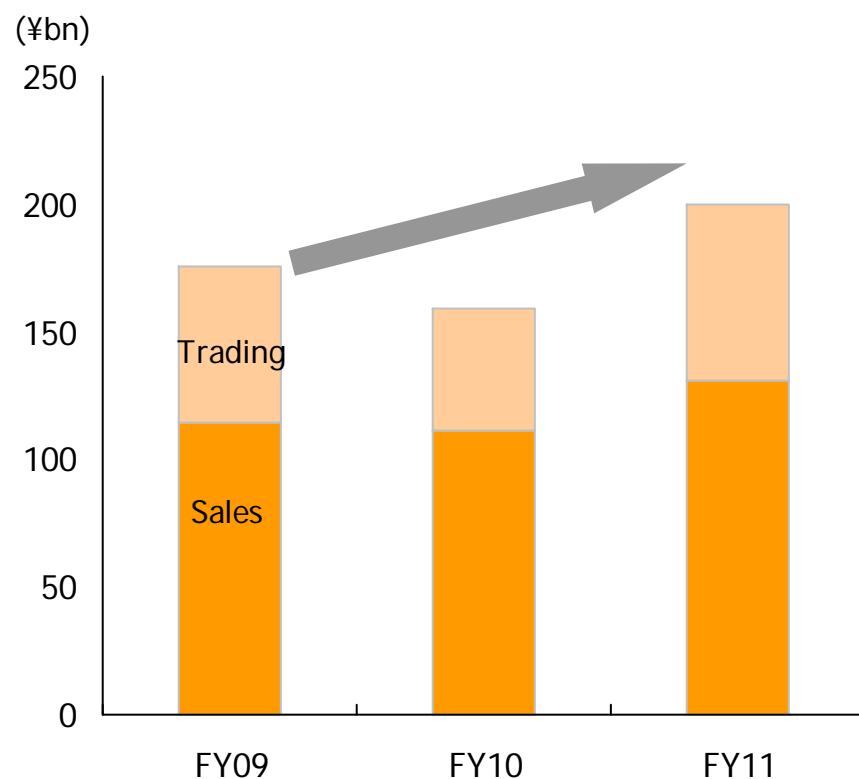
\*<sup>3</sup> TSU: Trade Services Utility \*<sup>4</sup> GPH: Global Payment Hub

# Sales & Trading business



- Strengthen flow trading as a commercial bank, built on customer base
- Reconstruct market operations system to meet diverse, global customer needs. Increase transactions with Japanese and non-Japanese customers through high value-added proposal and active links between global regions
- Aiming to increase gross profits for FY14 by 30% from FY11

## Change in gross profits (BTMU consolidated, excl UB)\*1



\*1 Sum of customer division and global market division

(Note) Exchange rates: Those adopted in our new business plan (\$/¥=83, etc)

## Strategies to strengthen the business

- **Construct cross-regional organization**
  - Align with needs of globalizing customers by changing from regional organization to organization enabling cross-regional operational support
- **Strengthen business in emerging currencies**
  - Further develop RMB business
  - Establish currency options Asian desk
- **Improve operating infrastructure**
  - Develop solutions proposal structure globally
  - Globalize and sophisticate system infrastructure
- **Increase offices co-managed with Global Business division and Global Market division**
  - Establish joint management offices in Sydney branch, Jakarta branch and BTMU Malaysia
- **Foster personnel (increase professionals and personnel exchange between other divisions)**
- **Collaborate in Banking and Securities (established Integrated Global Markets Business Group)**

# Project finance



- Ranked No.2 in 2012 H1 global rankings. Ranked No.1 in Americas for 3 consecutive years, rising our ranking in Europe and Asia
- Increase personnel and take other steps to establish status as a leading bank. Solution business centered on project finance, aiming to increase gross profits for FY14 by 40% from FY11

## Global presence

<Global project finance league table (Jan-Jun 12)>

Rank	Mandated Arrangers	Origination Volumes (US\$ bn)	#	Rank Jan-Jun11
1	State Bank of India	7.06	21	1
<b>2</b>	<b>MUFG</b>	<b>4.84</b>	<b>41</b>	<b>2</b>
3	SMBC	3.51	28	7

(Source) Project Finance International

## Strategies to strengthen the business

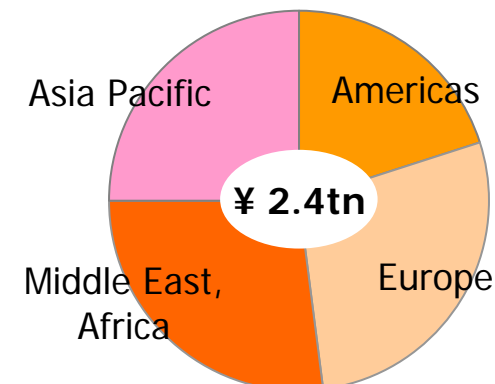
- Global approach: strengthening our platform in the infrastructure sector, renewable energy business and others on a global basis
- Initiatives in Japan: enhancing our supports in relation to Japanese companies' acquisition of resource interests, infrastructure exports to Asia, and domestic reconstruction related PFI/renewable energy
- Strengthening marketing structure through staff increases

<By regions>

	Jan-Dec 11		→	Jan-Jun 12	
	Rank	Share		Rank	Share
Americas	1	12.3%	→	1	12.6%
EMEA	9	3.0%	→	8	2.9%
Asia Pacific	12	2.5%	→	2	4.4%

(Source) Project Finance International

## Project finance loan portfolio\*1



\*1 Commercial bank (consolidated, excl. UB). As of end Mar 12



# Global strategic alliance with Morgan Stanley



- Enhance the strategic alliance and expand scope of collaboration, fully leveraging BTMU customer base. Further explore collaboration opportunities in Asia
- Aiming to achieve No.1 position in cross-border M&A transactions involving Japanese corporations in FY14

## Morgan Stanley performance

(US\$mm)	FY11			FY12	
	Q3	Q4	Full year	Q1	Q2
Net Revenues	9,845	5,678	32,403	6,935	6,953
Net Revenues (Excl. DVA) <sup>*1</sup>	6,435	5,462	28,722	8,913	6,603
Non-interest expenses	6,154	6,140	26,289	6,732	6,013
Income from continuing operations before taxes	3,691	(462)	6,114	203	940
Income from continuing operations before taxes (Excl. DVA) <sup>*1</sup>	281	(678)	2,433	2,181	590
Net income applicable to MS	2,199	(250)	4,110	(94)	591
Earnings applicable to MS common shareholders	2,153	(275)	2,067	(119)	564

\*1 Calculated by MUFG based on Morgan Stanley public data

## Impact on P/L following conversion

- **Equity in net income of affiliates was taken in**
  - About 22% of post-tax profits of MS
  - MS Apr-Jun 12 earnings to be reflected in MUFG Jul-Sep 12 earnings
- **Fall of MS share price will not affect MUFG consolidated earnings**
  - No impairment from equity-method affiliates' shares in consolidated earnings
  - No impairment from goodwill as there is no goodwill for the investment in MS

## Results of domestic cooperation

M&A advisor (Jan to Jun 12)				
Rank	FA	#	Amount (¥bn)	Share (%)
1	Nomura	72	924.2	21.0
2	<b>MUMSS</b>	<b>26</b>	<b>816.0</b>	<b>18.6</b>
3	Goldman Sachs	25	776.5	17.7
4	Bank of America Merrill Lynch	3	537.1	12.2

Deal value amount. Any Japanese involvement completed (excluding real estate)

(Source) Thomson Reuters data

M&A advisor ( In-Out ) (Jan to Jun 12)		
Rank	FA	Amount (¥bn)
1	<b>MUMSS</b>	<b>736.0</b>
2	Nomura	525.7
3	Citi	415.5
4	Barclays	351.8

Any Japanese involvement announced

(Source) Thomson Reuters data

## Presence in Americas

U.S. Syndicated loan (Investment Grade Agent only) (Apr to Jun 12)				
Rank	Bank Holding Company	#	Amount (US\$mm)	Share (%)
1	JP Morgan	117	140,687	13.7
2	Citi	72	110,693	10.7
3	Bank of America Merrill Lynch	92	106,365	10.3
4	Wells Fargo & Company	106	90,742	8.8
5	<b>MUFG+Morgan Stanley</b>	<b>69</b>	<b>88,382</b>	<b>8.6</b>
6	<b>MUFG<sup>*2</sup></b>	<b>48</b>	<b>54,446</b>	<b>5.3</b>
9	Morgan Stanley <sup>*2</sup>	21	33,936	3.3

(Source) Calculated by BTMU based on Loan Pricing Corporation data

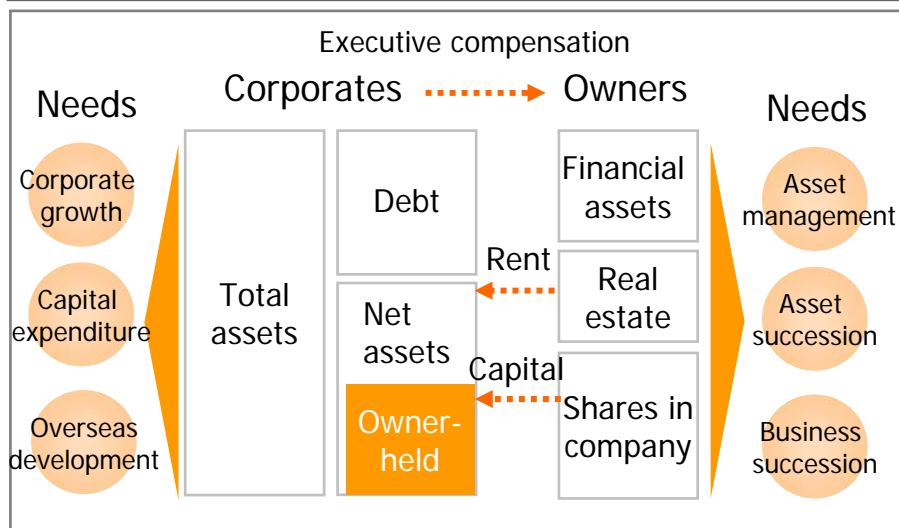
\*2 Including U.S. Loans which were not arranged by Loan Marketing Joint Venture

# Integrated corporate & retail business



- Integrate commercial banking offices and retail branches to respond to both corporate and individual needs of corporate owners. Centered on owner business, aiming to generate additional revenue for FY14 by ¥10 bn from FY11
- Combine regional information to strengthen competitiveness, aiming for region-based business development

## Owner-business transaction model



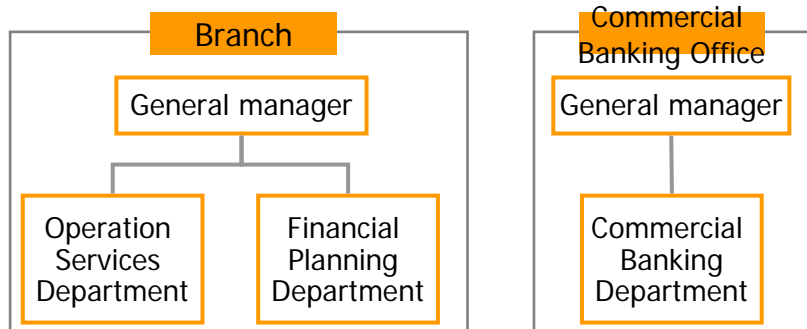
## Key points of the business

Reorganize sales locations to align with market characteristics and cover both corporate and retail transactions, meeting a broad range of needs with a unified response

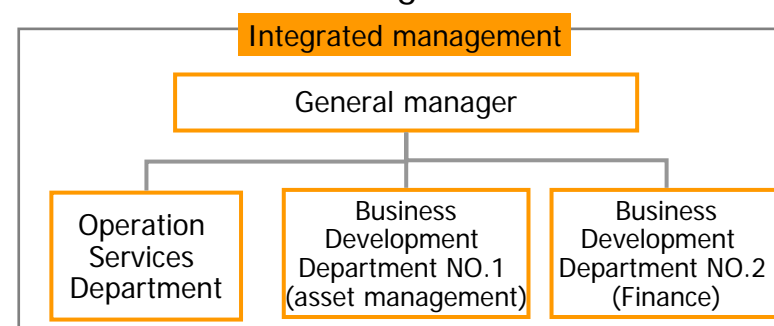
- **Support for growing SMEs**
  - Strengthen overall support, including owners, in growth industries
- **Expand owner business**
  - Enhance level of business and asset succession services
  - Boost asset management business, focusing on total assets
- **Develop business closely aligned with regions**
  - Concentrate regional information in a single manager and expand regionally aligned business (including business matching, etc.)

## Integrated sales locations (unified corporate and retail business)

<Current status>



<After reorganization>

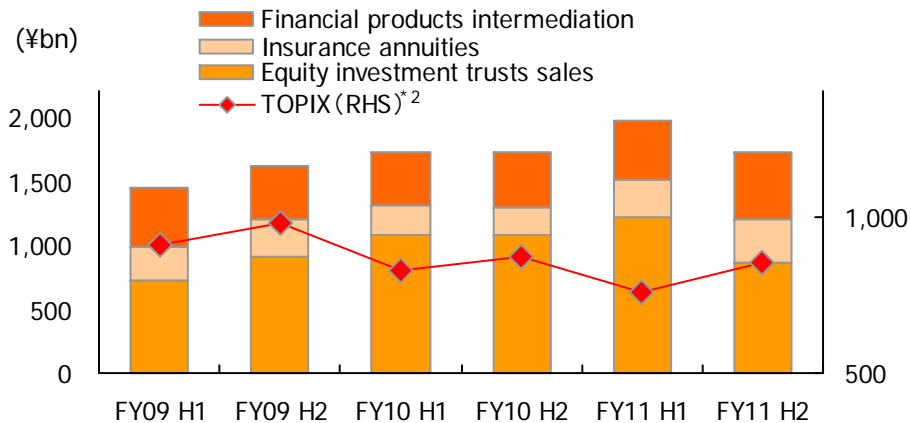


# Investment product sales



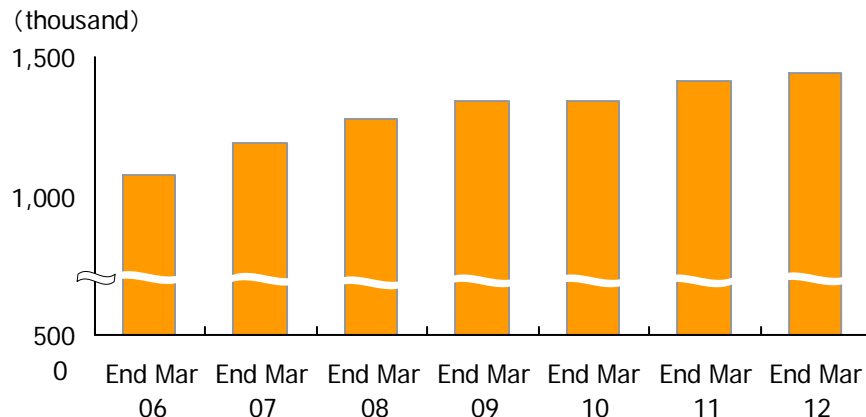
- Solid sales of financial products intermediation and insurance annuity. Aiming to increase gross profits for FY14 by 40% from FY11
- Continue strengthening of collaboration between the group companies

## Investment product sales\*1



\*1 Managerial accounting base \*2 Closing price base

## Customers investing in Investment products\*3



\*3 BTMU non-consolidated

## Group cooperation to strengthen 'Total Asset Sales'

### 【BTMU】

- **Strengthen retail money desk\*4**
  - Increase staff seconded from MUMSS
- **Increase total asset advisors\*5**
  - Increase number of private banking specialists to improve consulting services, who assess customer assets and advise on inheritance, etc

### 【MUTB】

- **Develop total asset marketing approach, based on trust capabilities in inheritance & real estate**
  - Allocate inheritance advisors in each areas of BTMU network and jointly promote inheritance business
  - Fully function the real estate section of MUTB in order to strengthen approach to real estate related needs from succession and inheritance

### 【MUMSS】

- **Strengthen marketing of consulting business**
  - Extend business with company owners with BTMU
  - Enhance internal training programs to foster and strengthen advisors

\*4 Team of experts with high level investment product sales expertise. As of end Mar 12, assigned to 59 locations in Japan

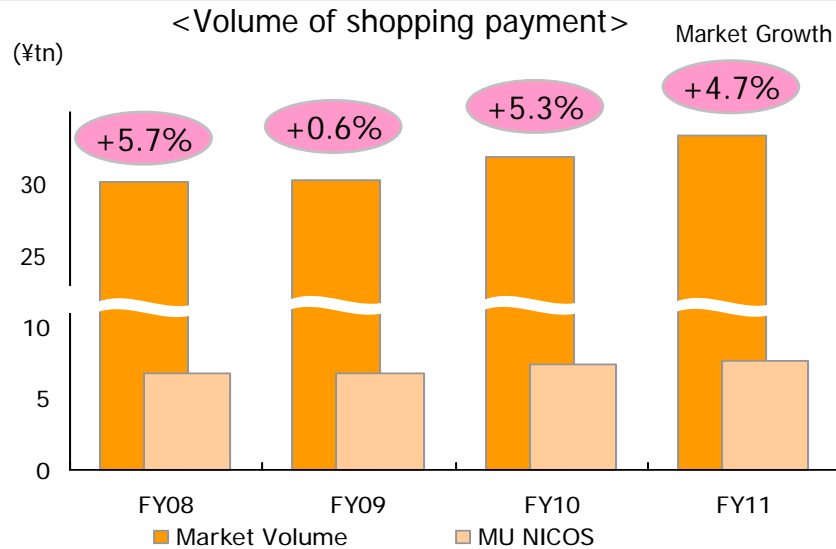
\*5 A team with specialist knowledge of overall assets including wills and trusts, assigned to use their skills to promote sales targeting overall customer assets. As of end Mar 12, 120 assigned

# Consumer finance

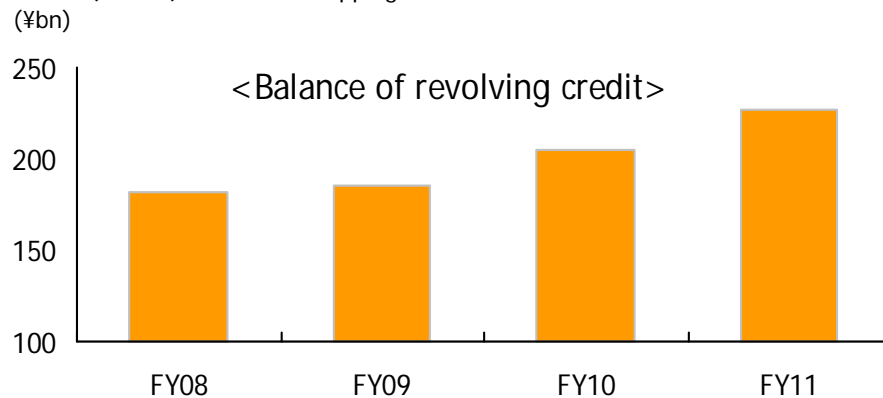


- **MU NICOS**: Aiming to increase volume of shopping and balance of revolving credit in the growing credit card business
- **ACOM**: Pace of decline in unsecured consumer loan balance has slowed. Aiming to increase gross profits, including growth from guarantee business
- **BTMU**: Loan balance of BANQIC shown consistent growth, aiming to double or more by FY14

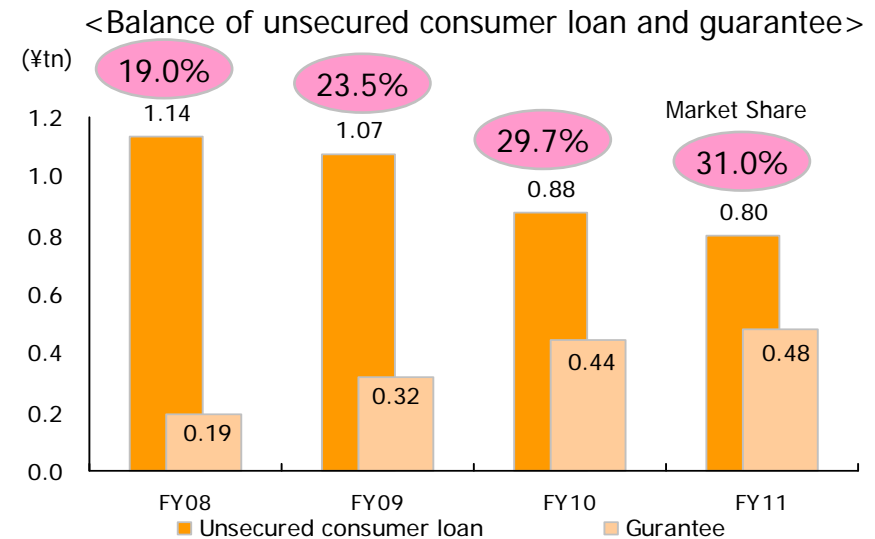
## MU NICOS



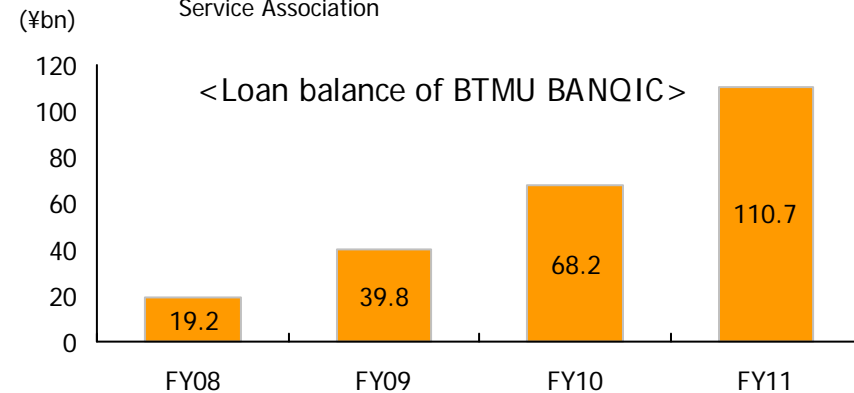
(Source) Volume of shopping from METI



## ACOM



(Source) Balance of unsecured consumer loan from Japan Financial Service Association



# Global asset management & administration strategy



- Further expand robust operating base in Japan, also meet Japanese demand for overseas investment and develop business with overseas customers

## Emphasis on investment trust business

- **Focus on growing investment trust sector**

- Increase AUM through closer engagement with financial institution distributors
  - Support financial institution distributors according to needs
  - Further strengthen new product proposal
  - Activate existing funds
- Strengthen investment management and product development skills
- Increase efficiency in middle & back office operations

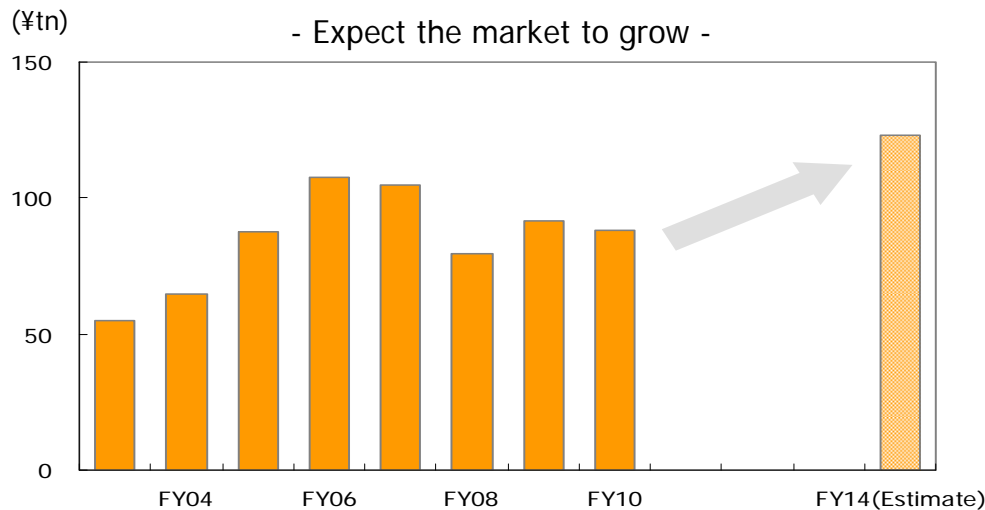
## Develop global business

- **Become a globally competitive asset management company, including investments and alliances**

- Enhance foreign investment trust products and trust admin products lineup
- Use Group network to develop overseas customers

### <AUM of Investment trust market>

- Expect the market to grow -



(Source) Historical Data: BOJ, Estimate: BTMU Economic Research Office

Asset management	<b>【MUTB】</b> <ul style="list-style-type: none"> <li>• Enhance product lineup centered on Japan equities (Japan, global and Asia/emerging market equities, etc.)</li> </ul>
	<b>【Investment and alliances】</b> <ul style="list-style-type: none"> <li>• Grow business through joint product development and other initiatives with strategic alliance partners</li> </ul> <ul style="list-style-type: none"> <li>• Consider new alliances with foreign AM</li> </ul>
Asset admin	<ul style="list-style-type: none"> <li>• Grow customer base in foreign trust admin</li> <li>• Gain new customers via group collaboration</li> </ul>

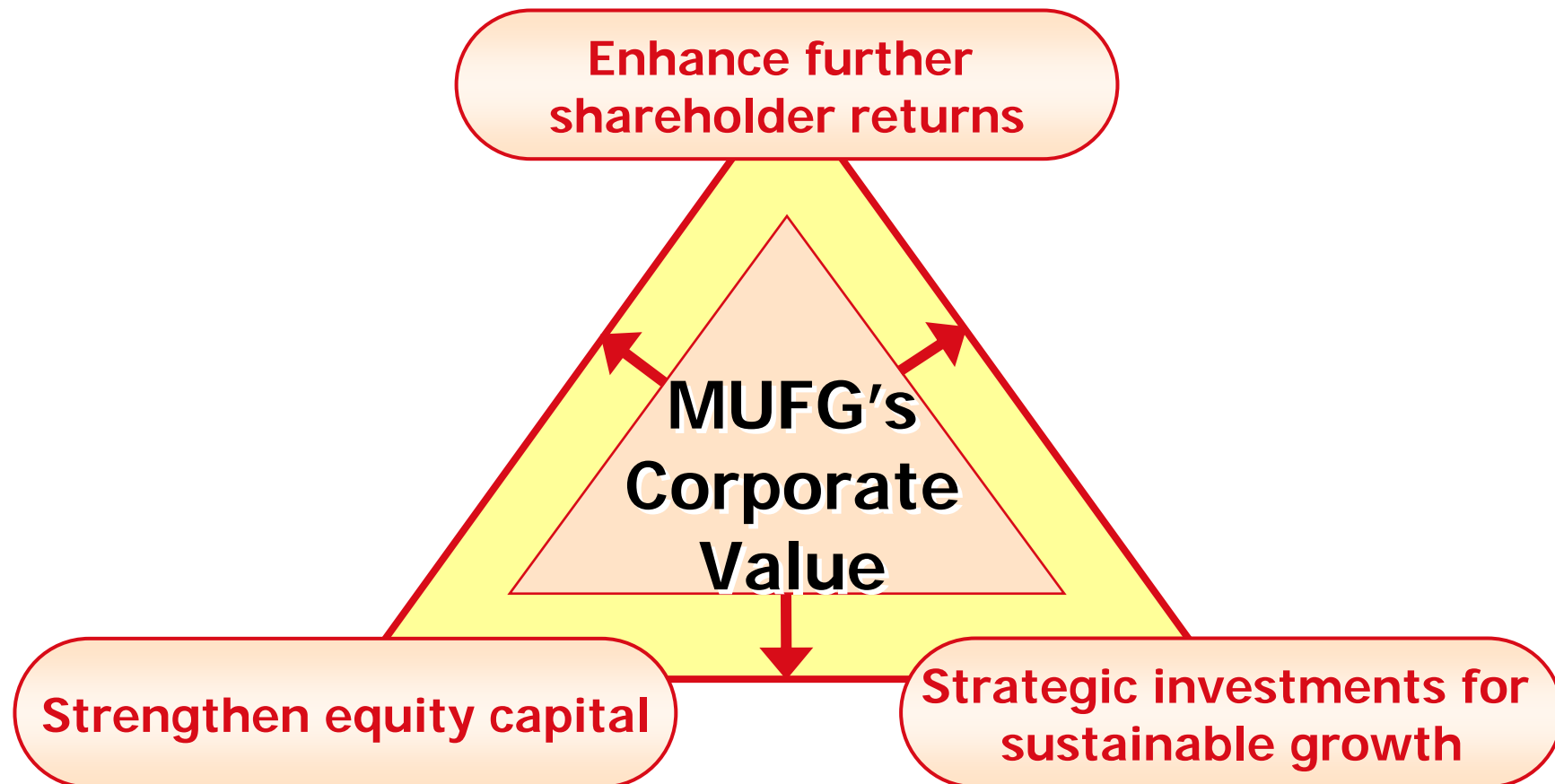


- AUM approx. ¥10 tn. Strong record in Australian equities and bonds, global infrastructure and real estate investment
- Became equity method affiliate on Mar 12 (15% holding)
- Group companies started to sell first joint retail product 'MUAM AMP global Infrastructure Bond Fund' in May 12

# Capital policy



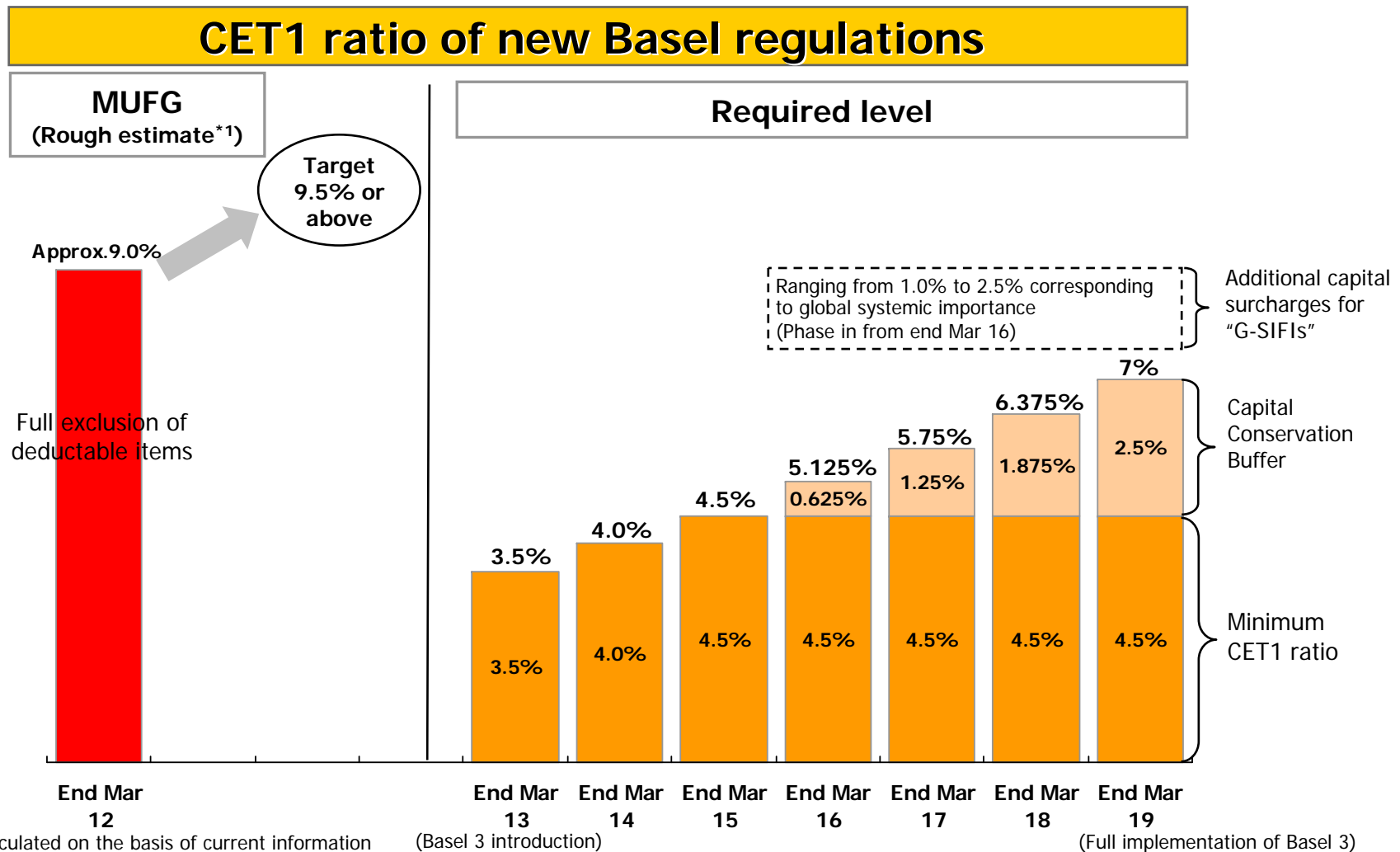
- Enhance further shareholder returns while maintaining a balance with Strengthening equity capital and making Strategic investments for sustainable growth



# Strengthen equity capital



- CET1 ratio on the basis of full exclusion of deductible items is estimated to have approx. 9% as of end Mar 12. Secured appropriate levels in response to regulations
- Taking into account buffer for market and economic uncertainty, targeting an early achievement of 9.5% or above



- **Make strategic investments when good opportunities arise with due regard to the external environment and regulatory trends**
- **Asset purchases to be considered provided they contribute to strengthening existing business and offer reasonable returns**
- **Existing investments to be reviewed periodically based on established rules, taking into account investment efficiency and other factors**

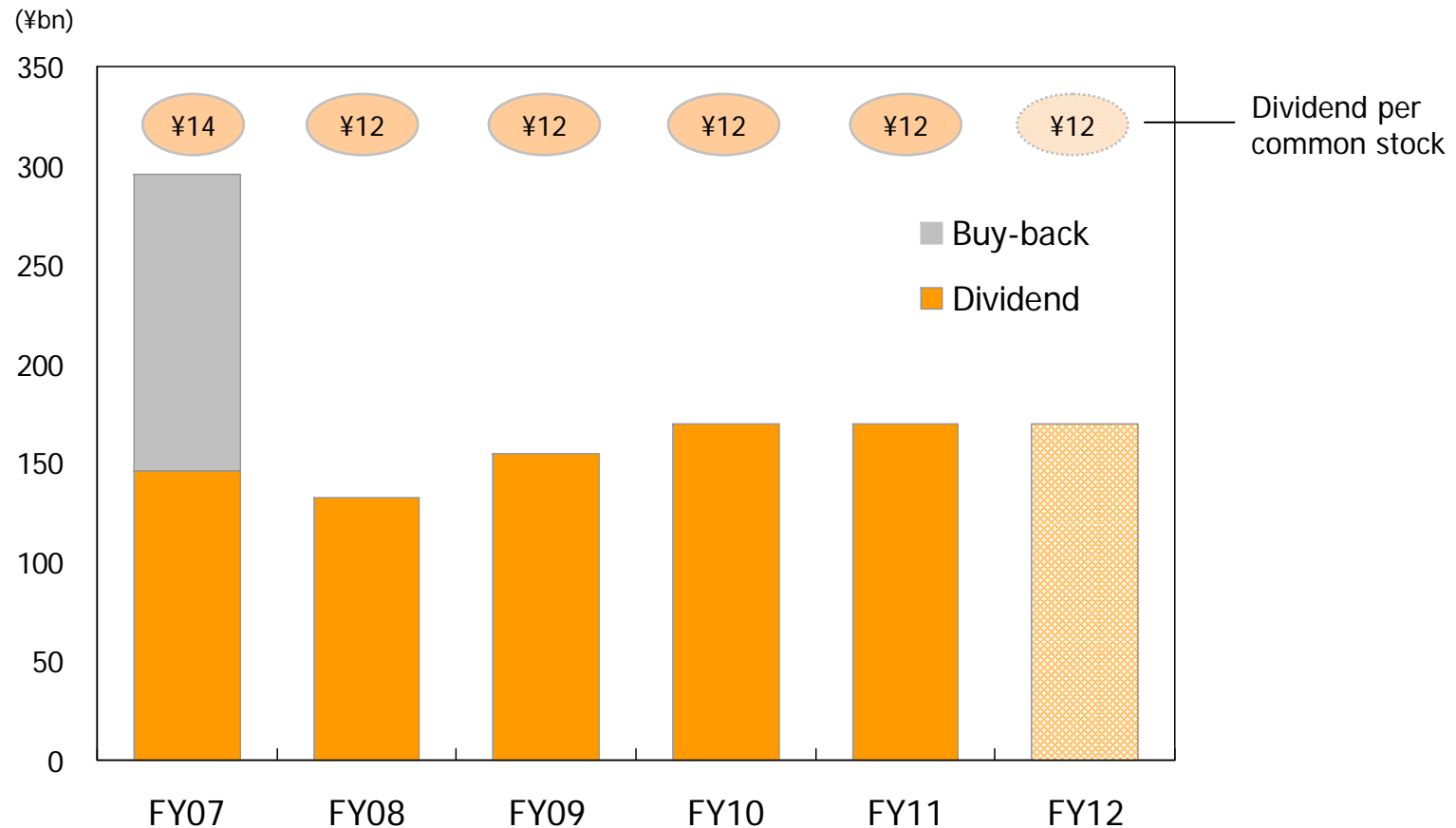


# Enhance further shareholder returns



- Policy of steady increase in dividends per share through sustainable strengthening of profitability
- Buy-back is also an option depending on the circumstances

## Results of shareholder returns/Dividend forecast



## —Be the world's most trusted financial group—

### 1. Work together to exceed the expectations of our customers

Strive to understand and respond to the diversified needs of our customers.  
Maintain and expect the highest levels of professionalism and expertise, supported by our consolidated strength

### 2. Provide reliable and constant support to our customers

Give the highest priority to protecting the interests of our customers.  
Promote healthy, sustainable economic growth.  
Maintain a robust organization that is effective, professional, and responsive

### 3. Expand and strengthen our global presence

Leverage our strengths and capabilities to attract a loyal global customer base.  
Adapt rapidly to changes in the global economy and their impact on the needs of our customers

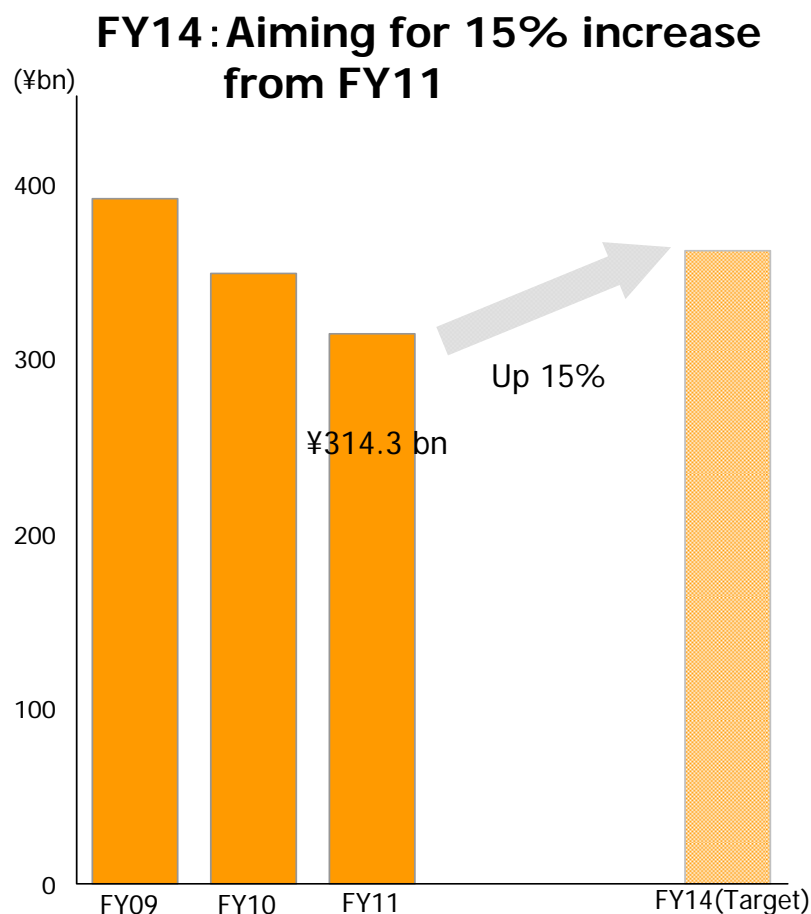
## Quality for You

# Appendix: Retail strategy



- Provide services optimized for the life stage of each customer
- Leverage BTMU's customer base to build dominant presence as a comprehensive financial services group

## Net operating profits target



## Key strategies

- **Strengthen Internet Banking**
  - Expand internet banking channel services by improving smartphone applications, expanding transaction menu, etc.
  - Review customer interface to improve usability and convenience
- **Enhance consulting business**
  - Expand customer contact and proposal opportunities by reforming outside visits, call centers and other operational processes
- **Grow private banking**
  - Boost personnel with specialist skills in asset management, inheritance, corporate owner transactions, etc.
  - Deepen inter-group cooperation based on long-term relationships and specialist skills to service wider customer needs in areas such as asset management and intergenerational transactions

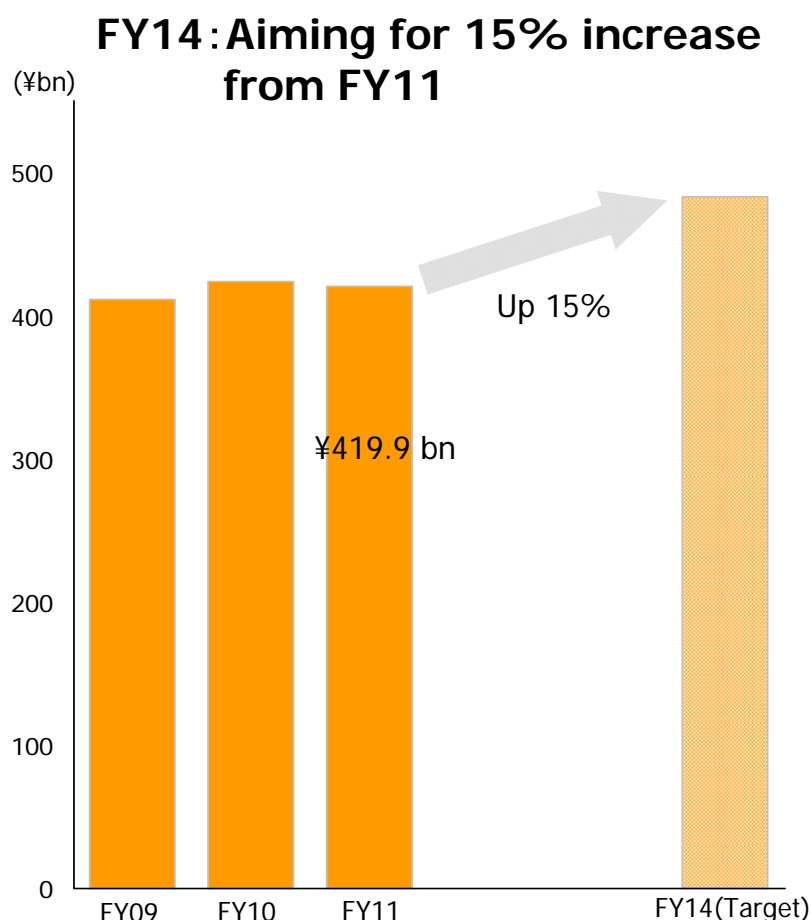
(Note) Exchange rates: Those adopted in our new business plan (\$/¥=83, etc.)

# Appendix: Corporate strategy



- Progress and reform each business model of BTMU, MUTB and MUMSS, aiming to achieve leading position in each operation
- Leverage MUFG group capabilities to provide compelling solutions and support customers' domestic and foreign growth

## Net operating profits target



## Key strategies

- **Expand global financial services (large/global corporate companies)**
  - Expand solutions business, such as project finance
  - Grow overseas business through deeper links with Global segments
  - Leverage Morgan Stanley's global network and strengthen primary business through cooperation between BTMU and MUMSS
  - Leverage commercial bank customer base to grow Trust Bank operations (securities agency service, real estate, DC pension plans) and corporate secondary transactions
- **Strengthen consulting business (medium-sized companies)**
  - Accelerate provision of tailored solutions-based services that address key management issues
  - Increase support for overseas expansion, business succession and other such needs
- **Develop integrated corporate and retail business (SMEs, owners)**
  - Expand integrated corporate/individual business for owners by integrating commercial bank's corporate and retail branches
  - Provide detailed support for SME growth

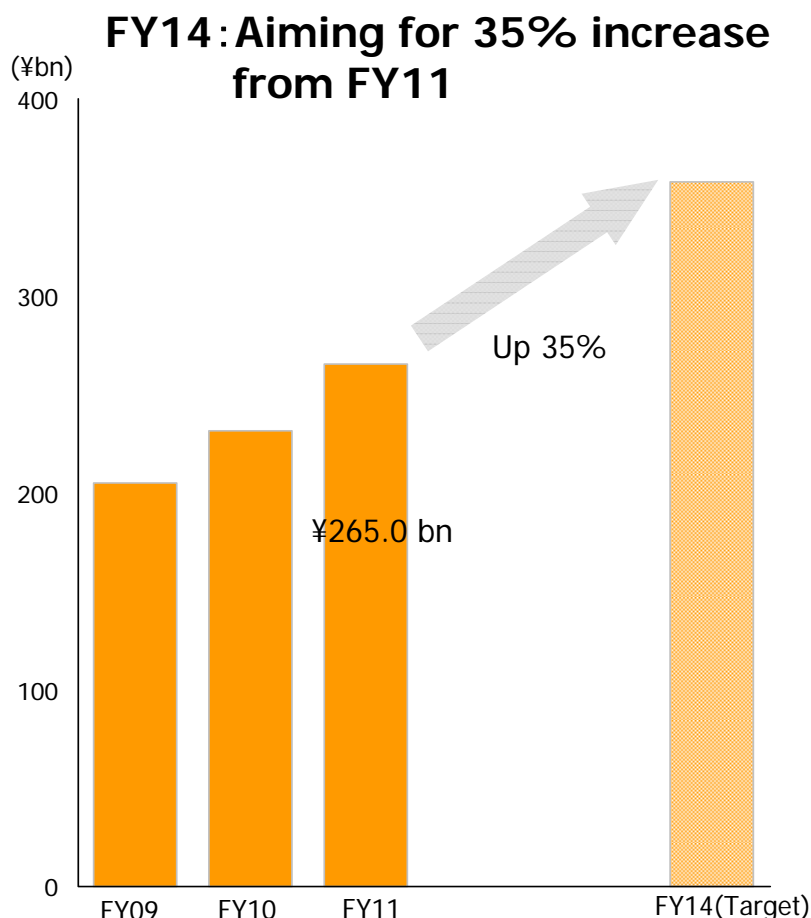
(Note) Exchange rates: Those adopted in our new business plan (\$/¥=83, etc.)

# Appendix: Global strategy



- Collaborate between regions and operations, using overseas customer base of commercial bank to construct competitive, added-value model
- Pursue non-organic growth while developing new businesses and emerging markets

## Net operating profits target



(Note) Exchange rates: Those adopted in our new business plan (\$/¥=83, etc.)

## Key strategies

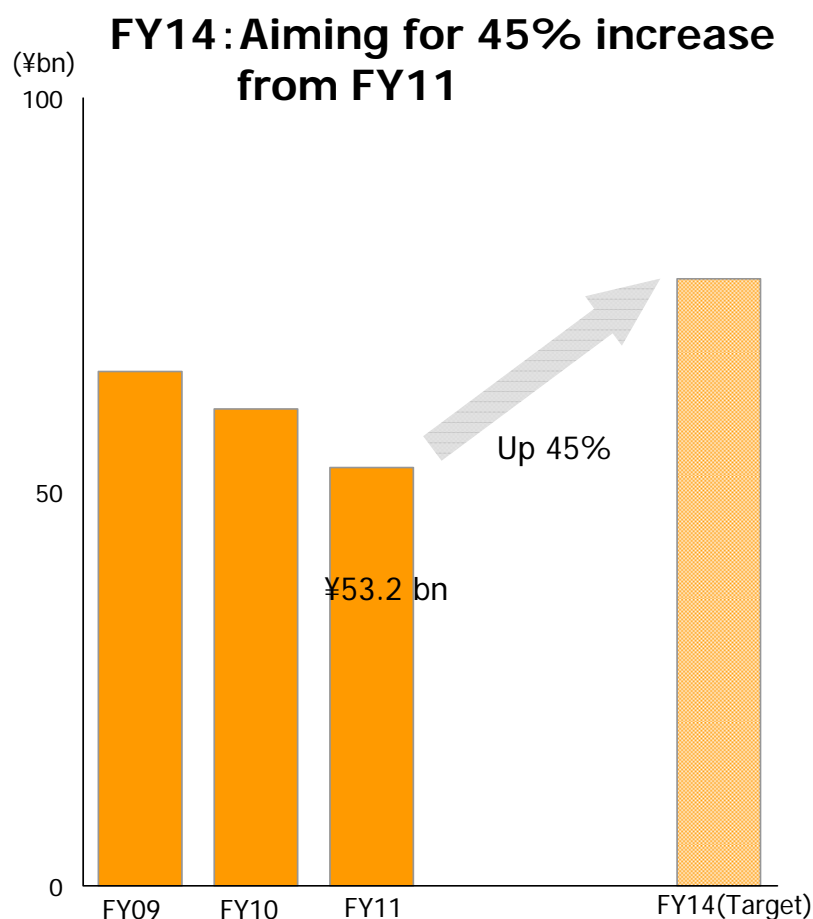
- **Expand presence in Asia and other emerging markets**
  - Strengthen marketing to target non-Japanese and financial institutions
  - Within Asia and between Europe and Americas, enhance collaboration between BTMU and securities subsidiaries to support customers' business expansion outside Asia region
  - In Latin America, the Middle East and Russia, pursue business strategies that take into account national and regional differences, and expand network
- **Pursue Global CIB business**
  - Provide optimal solutions for customers in commercial banking to satisfy their needs in overseas markets in collaboration with Morgan Stanley and our local securities entities
  - Strengthen business in project finance, ECA finance and trade finance
- **Grow transaction banking business**

# Appendix: Trust assets strategy



- Leverage MUFG Group customer base and overseas network to develop as Japan's leading asset manager and administrator, recognized globally

## Net operating profits target



## Key strategies

- **Expand pension business**
  - Increase cooperation between BTMU and MUTB, strengthen marketing infrastructure
  - Lift performance of own products, and develop products that also incorporate characteristics of partners
- **Boost investment trust business**
  - Strengthen collaboration between internal and external distribution partners
  - Unify asset management operating platforms to boost management and product development
- **Develop globally**
  - Use investment and tie-ups to develop globally, focusing on high-growth Asia and large-scale Europe and U.S. markets
  - Aim to become globally competitive asset management company and also expand foreign investment trust management business

(Note) Exchange rates: Those adopted in our new business plan (\$/¥=83, etc.)